

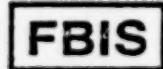
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USSR Report

WORLD ECONOMY AND INTERNATIONAL RELATIONS

No 7, JULY 1986



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No 7, July 1986

[Translation of the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations, USSR Academy of Sciences.]

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ENGLISH SUMMARY OF MAJOR ARTICLES

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 86 (signed to press 13 Jun 86) pp 158-159

[Text] V. Razmerov in the article "Realities and their Understanding in the World Politics" considers the topic of his investigation in the light of the decisions of the 27th Congress of the CPSU where the concept of the all-embracing system of international security was brought to the fore.

Methodologically the assessment of realities requires the determinants of global politics to be distinguished among the host of factors influencing the international situation. The main determinant nowadays is coexistence, competition and cooperation of the two opposite socio-economic systems. The author traces the evolutionary stages of the two systems relationship which reflected the political evolution of the authority of world socialism. Having achieved the goal of the strategic parity the USSR provided therefore for the real possibility to do away with nuclear weapons, to curb the arms race, to pursue the gradual disarmament up to the complete liquidation of weapons of mass destruction. The estimate of different peaceloving forces is presented. The political thinking and foreign policy making within the capitalist countries is characterized by inadequacy when class interests of the monopolistic bourgeoisie produce a distorted vision of the international situation. The political thinking is lagging behind the development of global realities. The struggle between the two trends in the world politics requires thorough assessment of the relative importance of the objective driving forces and the subjective attitudes and initiatives. This approach allows adequate understanding of political realities and consequently the elaboration of realistic lines of international political behavior observing the interests of peace and cooperation.

Yu. Komissarov's article "Two Approaches towards the Security Problem in the North of Europe" is dedicated to the analysis of the controversy of the "atlantic" and realistic trends in the foreign policy of the North European countries. The USSR put forward the concept of the comprehensive system of international security which is an imperative in the nuclear space era. The large part of the Soviet initiatives is addressed to Europe and aimed at the provision of stable and secure peace on the basis of the radical reduction of nuclear and conventional arms. The struggle between the realism and atlantism is exacerbating not only in Western Europe but also in the North of Europe traditionally considered as the periphery of international tension. Northern Europe has demonstrated lately considerable homogeneity economically and

politically. However, Denmark, Iceland and Norway are divided from Finland and Sweden due to their participation in NATO. The author points out the peculiarities of this participation referring to the refusal of those countries to station foreign military troops and nuclear weapons. Nevertheless the region has become lately the theatre of frequent military exercises. Under the pretext of the possible "crisis situation" Denmark and Norway are now reconsidering their attitude towards foreign troops on their territory. With euromissiles deployed in Western Europe and NATO warships in the Northern part of the Atlantic Ocean the very notion of the European periphery becomes quite senseless. Today the declaration of the North of Europe as a nuclear-free zone would be a positive step towards nuclear disarmament.

Technological progress opens gigantic possibilities for the economic social and cultural advancement. V. Zubchaninov in the article "The Exploitation of the Scientific and Technological Progress in the U.S.A." focuses on the peculiarities of the technological development in America where it is targeted at achieving neoglobalistic goals. That's why the enormous proportion of the U.S. spending on R&D is diverted from the social domain and directed for the military purposes. The findings of the study back the premise that the obvious militarization of R&D has conditioned the alleged poor technological performance of several traditional industries which can involve the losing ground on the international market. The author analyses the very concept of the technological progress in the contemporary context. The distinction between the technological breakthroughs and product or process improvements is outlined assessing their comparative implications technologically and economically. The paper provides a valuable review of both patterns of innovation. Abundant statistical data and illustrative examples support the findings. The author arrives at the conclusion that though nowadays the improvement pattern appears to be dominant, the basic research in the U.S.A. is implemented rather inefficiently. Therefore West European countries' fears that technological gap is still far from being overcome are not at all groundless. The comparative study carried out in Japan was helpful to discover the areas of the U.S. technological advantages, especially in basic research. Thus the interimperialist rivalry is expected to spur up the technological competition.

The raising of interest rates for the short-term prime rate borrowers, regarded as a universal instrument of the conservative anti-inflationary policy, perfectly served the aggressive goals of the U.S. imperialism. V. Ushakov in his article "Interimperialist Contradictions in the Monetary Sphere" states that this action has been aimed primarily at restricting domestic demand and curbing upsurge of the prices' growth. Alongside the U.S. policy of "expensive money" has inflicted losses on other capitalist countries. This very policy provided for the reinforcement of the dollar given the record level of the U.S. trade and balance of payments deficits. The contemporary structure of the U.S. international debt is characterized by the qualitative shifts reflecting growing dependence of the American economy on the in-flow of short-term capitals or so-called "hot money". The author contributes to the analysis of the monetary policy coordination efforts within the imperialist triangle, revealing new areas of interimperialist contradictions. While France, West Germany and Japan claimed their determination to foster policy coordination, the U.S.A.

was obviously against it because of the existing negative experience. The author considers the suggested variants of the international monetary reform. Today the versions of the reform under consideration call for the establishment of an efficient coordination mechanism. On the contrary the 1970's projects were aimed at creating the supranational monetary structure. Here again the existing and ever emerging contradictions hinder the search and the elaboration of an acceptable solution to the monetary problems.

It's typical of modern neocolonialism to seek for the coordination in working out a concerted action toward the developing countries. To a considerable extent political motives determine today the dimensions and characteristic features of the North-South economic relations. P. Khvoynik in the article "The Mechanism of Coordination of the Economic Strategy of Neocolonialism" outlines the economic aspects of the modern neocolonialism. The author analyses some acute points of the so-called "triangle policy" of the Trilateral Commission, exposing its neocolonialistic content. The modification of the largest capitalist countries strategy towards the North-South relations is an important part of the imperialism's incessant search of new forms of exploitation. The imperialist states attempt to offset the developing countries' struggle for the economic decolonization, for the new, just international economic order by more flexible and sophisticated means of disguised exploitation. In order to achieve these goals the imperialism has agreed to some partial reforms in its relations with the developing countries preserving however the integrity of the existing system of the international capitalist division of labor. The emphasis is put on the essence of this coordination course which is actually a tool of collective neocolonialism. The author points out that such coordination cannot eliminate the antagonism between the interests of the developing countries and the neocolonialist policy of imperialist states. Neither can it do away with the immanent contradictions between the centers of imperialism.

Ye. Pigulevskaya in the article "Japan: The Conservative Orientation of the Economic Theory and Policy" writes that in Japan we can see nowadays the changes in the system of the state-monopolistic regulation of the economy and in the methods of the state economic management. Since early fifties government regulation of the economy was based on the Keynesian doctrine adapted to specific conditions of Japan. But the developments of the 1970's, especially the second half of the last decade, revealed the declining efficiency of government measures undertaken according to Keynesian prescriptions. It stimulated neoconservative trends in economic theory and practical policy. The author devotes her analysis to two main lines of the neoconservative theory - neoliberalism and monetarism. The proponents of these theories suggest restrictions of government intervention in the economy and emphasize the role of market (in order to exploit possibilities given by scientific and technological progress). The present administrative and financial reform (AFR) can be regarded as a direct implication of the shift in the economic theory and practical policy towards neoconservatism. But AFR met with difficulties. The tradition of the widespread state intervention into the economy remains quite strong. The author concludes that political and ideological activisation of reactionary forces is a characteristic feature of the conservative shift in the system of Japanese state-monopolistic capitalism.

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'REALISM' DEMANDS PEACEFUL COEXISTENCE IN MODERN WORLD

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 86 (signed to press 13 Jun 86) pp 3-12

[Article by V. Razmerov: "Realities and Their Recognition in World Politics"]

[Text] The modern world is extraordinarily diverse, complex and contradictory. An obligatory condition of the successful pursuit of the socialist state's foreign policy has always been and remains an in-depth Marxist analysis of this diversity and the contradictions and a careful, adjusted evaluation of the correlation of forces on the world scene and the main development trends and basic components determining their given correlation. "A correct, scientifically substantiated policy can only be pursued," the 27th CPSU Congress pointed out, "with a clear understanding of the key trends of actual reality."

Such an analysis and such an evaluation are contained in the congress' material. It comprehensively reveals the contradictions of the modern era and also puts forward the concept of the interconnection interdependence and interaction of all components of the system of international relations determining the integral nature of today's complex and largely contradictory world. It was precisely a creative, Leninist approach to study of the international-political reality of our day which enabled the party to formulate this important proposition. New thinking, an innovative approach and a recognition that the arms race and the development of military equipment have now approached a critical point beyond which the said processes could get out of control are required for the solution of the problems of the modern world.

Abiding by Leninist tradition, the CPSU is paying the most serious attention to international questions, on whose solution not only the fate of world development but also mankind's very survival depend. As M.S. Gorbachev emphasized in his speech in Togliatti on 8 April 1986, "our behavior and our policy are dictated not only by our principles and morality but also by the fact that we understand the unrealistic nature of a different approach." This strikingly manifests the significance of the factor of conscious, purposeful activity in international affairs.

The real picture of modern international relations is taking shape from a large number of extremely diverse elements. It is sufficient to recall that among the participants in international intercourse there are more than 150 sovereign states alone. Each of them pursues its own foreign policy determined by national, state interests. These interests, which are frequently divergent and contradictory and sometimes directly opposite, come into contact and interweave on the world scene. As a result innumerable specific political situations, conflict and crisis situations included, arise. It is they which constitute the motley picture of international life which is observed daily.

Ascertaining and tracing to their sources all the objective and subjective foundations, interconnections and interdependencies of this specific event, phenomenon and process or the other is extraordinarily difficult. However, there is in international relations in each historical era a fundamental objective factor shaping the entire system of these relations, leaving its decisive imprint thereon and influencing the subjective factors in the sphere of foreign policy and interstate relations and the entire process of the molding and implementation of the foreign policy course of individual states.

Currently this is the coexistence, competition, rivalry and cooperation of states of the two opposite socioeconomic systems. The CPSU proceeds in its evaluation of the current situation from the fact that in a world which is filled to the brim with contradictions and experiencing virtually the most alarming period of history the most important group of contradictions from the viewpoint of the fate of mankind is connected with the relations between the states of the two systems.

An in-depth scientific understanding of these processes and phenomena and assertive foreign policy activity based thereon, in other words, Lenin's theory and practice of peaceful coexistence, constitute the main subjective factor of current international relations. This factor is not only exerting an effective salutary influence thereon but revealing the prospect of a positive solution of the central problem of world politics of our time--prevention of nuclear war.

In the past the materialist view of history and the prospects of mankind's development led to the conclusion concerning the possibility of the removal of war from the life of society by virtue of the fact that the world community as a whole and all its constituent countries and peoples would embark on the path of socialism. K. Marx's fundamental proposition concerning the eradication of wars proclaimed: "...In contrast to the old society ...a new society will spring up whose international principle will be PEACE for each people will have one and the same master--LABOR."*

Such a society was born in October 1917. In the almost 70-year period of its existence it has developed and strengthened immeasurably, having withstood the grimdest trials and smashed all attempts by world reaction to eliminate the

* K. Marx and F. Engels, "Works," vol 17, p 5.

socialist system. New countries have embarked on the path of building socialism, which has become the decisive force of mankind's progressive development. However, in 1917 Soviet Russia was an island in an ocean of countries under the power of capital.

The October Revolution changed the very content of international relations, summoning into being a new problem--relations between states with different social systems. The main class contradiction of the era extended to this sphere. Accordingly, the axis of contradictions of world politics shifted to the domain of the relations of states of the two systems. As V.I. Lenin observed, since the victory of the Great October "the entire world system of states has been determined by the struggle of a small group of imperialist nations against the soviet movement and soviet states, at the head of which is Soviet Russia."* Under these conditions V.I. Lenin put forward the idea of the need for and possibility of the peaceful coexistence of states of the two systems.

In the modern era peaceful coexistence is not only the most rational method of international intercourse but also a commanding imperative and the sole path, to which there is no alternative, to the survival of mankind. The 27th CPSU Congress sets the lofty goal of "striving to ensure that peaceful coexistence be the highest universal principle of interstate relations."

Relying on the methodological basis of Marxism, V.I. Lenin elaborated in depth the problem of war and peace with reference both to the era of the domination of imperialism and the new era begun by the October Revolution. He creatively developed K. Marx's proposition concerning the eradication of wars under socialism. Proceeding from contemporary realities, V.I. Lenin enriched the treasure house of scientific communism with an all-around analysis of the dialectical interconnection of war and economics and politics, the domination of private ownership, the general crisis of capitalism and, finally, the coming into being and strengthening of world socialism. Lenin's theory of peaceful coexistence is an organic part of his integral teaching on war, peace and revolution. Following the October Revolution relations between socialism and capitalism were for the first time in history the center of international life, and the opposition, confrontation, competition and peaceful coexistence of states with different social systems began to unfold on the world scene.

A profoundly scientific analysis of objective reality and all-around consideration of the alignment and correlation of forces in the world formed the basis of the Soviet state's foreign policy program formulated by V.I. Lenin. Calling for "a search for new ways to tackle our international tasks,"** he himself brilliantly tackled such tasks in the first years of the existence of the young state under the conditions of bitter class struggle, civil war, foreign military intervention, blockade and economic devastation.

The practical steps of the victorious socialist revolution exhibited the objective unity of its national and international tasks. The unfolding of economic building on a socialist basis was not only an urgent requirement of the

* V.I. Lenin, "Complete Works," vol 41, p 242.

** Ibid, vol 40, p 67.

peoples of Russia but also their international duty and the recognized duty of the world's first socialist state in respect of the oppressed and exploited of the whole world. While completely ruling out the possibility of war for the implantation of revolution from outside V.I. Lenin pointed out: "...any peace will open a hundred times bigger and wider road to our influence."*

The course of the peaceful coexistence of states with different social systems was made the basis of Soviet policy in respect of the capitalist countries. This course logically ensues from the general goals of socialist foreign policy, whose mission is securing the external conditions most conducive to the building of socialism.

The revolutionary strategy of the working class in the struggle for socialism incorporated a new component, which has from decade to decade acquired increasingly material significance--the peaceable policy of the socialist states. With its appearance the conditions of the struggle of the people's masses for peace changed considerably and the forces opposed to imperialism grew.

The tremendous positive significance in international relations of conscious activity based on an in-depth scientific analysis was expressed in the fact that from the very outset the policy of peaceful coexistence was distinguished not only by its scrupulousness in defense of the interests of socialism and all revolutionary forces but also its realism in an evaluation of the situation and the possibilities of the practical accomplishment of the set tasks. When, in October 1917, the world's first socialist state began the persistent struggle for peace, V.I. Lenin warned: "Whoever thought that achieving peace is easy and that peace has only to be hinted at for the bourgeoisie to hand it us on a plate is totally naive."**

History corroborated the soundness of this assessment. Imperialism was not reconciled to the appearance of the new social system and counterposed to its policy of peace one of blockade and intervention, aggression and wars. It took Lenin's perspicacity and the revolutionary wisdom and steadfastness of the Bolshevik Party not to succumb under the desperately difficult conditions either to capitulation of the right or recklessness of the left and to find the correct policy reference points, proceeding from what V.I. Lenin called the "objective situation". While invariably championing the principles of peaceful coexistence in relations with capitalist countries the CPSU has at the same time always advocated the most emphatic rebuff of aggressors and a constant enhancement of the defense capability of the socialist state.

The elaboration and implementation of socialist foreign policy demand an adequate consideration of such objective factors of the development of international affairs as the correlation and alignment of forces on a world scale and within individual countries. In Leninist methodology an analysis and forecast of the correlation of class forces on the world scene ensue from a general evaluation of the main regularities of our era.

* V.I. Lenin, "Complete Works," vol 40, p 247.

** Ibid., vol 35, p 116.

An irreparable blow to the positions of world capitalism was struck by the victory of the peoples of Soviet Russia in the bloody single combat with the superior military forces of imperialism and internal counterrevolution. The depth of this defeat of international reaction and the significance of its consequences for the fate of peace were recognized far from immediately by the ruling class of the capitalist countries, and many of its representatives are still reluctant to reconcile themselves to them in the vain hope of turning back the course of history.

This position demonstrates particularly graphically the class-limited approach of these factors of the bourgeoisie to the problem of the mutual relations of the two systems. This is nothing other than a manifestation in politics of their innate wishful thinking--the endeavor to take the wish for reality--the only difference being that in this case they are attempting to consider the "undesirable" unreal also. Noting the futility and fatal nature of such a position, M.S. Gorbachev emphasizes: "It is time to abandon the building of relations with the USSR on mistaken notions and illusions. A most dangerous such illusion is that the peaceful intentions and appeals of the Soviet Union are being seen as a sign of weakness."*

The consistent implementation of the fundamental principles of socialist foreign policy--socialist internationalism and peaceful coexistence--has played a most important part in the Soviet Union's struggle for lasting peace throughout the period inaugurated by the first Soviet foreign policy initiatives. The constant implementation of these principles affords an opportunity for the use with the greatest amplitude of both objective and subjective factors of international political activity facilitating the accomplishment of the tasks of socialist foreign policy, primarily the most important of them--the preservation and consolidation of peace.

The Leninist peace program and the peaceable policy of the Soviet state inspired and continue to inspire the people's masses of all countries to the struggle against the imperialist policy of aggression and war and for lasting peace and general security. True to the creative spirit of Leninism, the CPSU, having carefully analyzed the real significance of the positive changes in the world situation, reached the scientifically substantiated conclusion: at the present stage of historical development, even given the preservation of capitalism in part of the world, a world war has ceased to be inevitable; by way of resolutely countering the bellicose forces of imperialism peace throughout the world can and must be preserved and consolidated. The new foreign policy thinking has also afforded an opportunity for new approaches to the solution of the fundamental question of the present day and a broad prospect of struggle on interconnected axes--removing the military threat and ensuring the peaceful coexistence of states with different social systems.

As V.I. Lenin predicted, the path toward lasting peace proved difficult. Imperialism put at the service of its egotistical interests and used to the detriment of mankind a great discovery of the human genius--nuclear energy. U.S. ruling circles gambled on the qualitatively new weapons as the decisive

* PRAVDA, 9 April 1986.

instrument of their hegemonist policy and means of doing away with socialism. The positive changes in the sociopolitical appearance of the postwar world sharply narrowed imperialism's possibilities. But the "technological breakthrough" markedly stimulated its aggressiveness. The threat of nuclear war loomed over the world.

Having assessed the situation realistically, the CPSU did everything to mobilize the necessary forces and resources to strengthen the defense capability of the USSR and its friends and allies. The developed economic base, the latest achievements of the S&T revolution, the selfless labor of scientists and workers--all this enabled the Soviet Union to quickly create its own nuclear weapons and thereby deprive the United States of the nuclear monopoly and the invulnerability of its territory and then seek military-strategic parity between the USSR and the United States. The propitious shift in the correlation of military forces created a new global strategic situation, in which an aggressor, to whatever methods of unleashing a nuclear war he might resort, could no longer count on emerging from the war the winner. Imperialism was deprived of the possibility of settling the outcome of the historical contest of the two systems by force of arms and doing away with socialism without drawing assured destruction onto itself here.

Under the conditions of military-strategic parity the most important task of curbing the arms race is now being posed in the plane of practical solution. The Soviet Union proposes a halt to the dangerous and ruinous competition in the stockpiling and upgrading of weapons of warfare. Its initiatives are aimed at the adoption in accordance with the principle of equality and equal security of a whole set of specific measures to limit and reduce arms, nuclear particularly, as far as the complete elimination of the latter. Specific ways and means of achieving this goal before the end of the century were formulated in M.S. Gorbachev's 15 January 1986 statement. The basis of the Soviet approach is an in-depth understanding of the fact that not only nuclear war itself but also preparations for it, that is, the arms race, and the aspiration to military superiority are objectively leading to catastrophe. For this reason genuine equal security in our day must be based not on the highest possible but lowest possible level of strategic balance, given the complete exclusion therefrom of nuclear and other types of weapons of mass destruction. The Soviet initiatives advanced since the CPSU Central Committee April (1985) Plenum serve precisely this goal.

The Leninist peace policy is scientifically substantiated, is based on real power and is geared to the achievement of specific goals in a specific situation. Its efficacy is increased many times over by the conscious support of the people's masses worldwide. V.I. Lenin's splendid words: "The biggest manifestation of democracy consists of the fundamental question of war and peace"** are particularly pertinent when applied to socialist policy. The strength of socialist foreign policy--a consistent peace policy--is that it corresponds fully to the vital interests of all mankind.

* V.I. Lenin, "Complete Works," vol 40, p 92.

The main component of the powerful front of global resistance to the policy of aggression and diktat is the socialist community. Its very existence and active and purposeful foreign policy are preventing world reaction from restoring the international relations of the past. The fate of peace today is linked particularly closely with the dynamism of the economic and political development of the world socialist system. A most important prerequisite of the effectiveness of this policy is conscious activity aimed at a further consolidation of the unity and cohesion of the socialist community. True to Lenin's behests, the CPSU invariably proceeds in its approach to international affairs from its duties of political vanguard of the Soviet people and its international duty to the world liberation movement, primarily the socialist states.

Comprehensive ties among the fraternal countries in the political, economic and cultural domains and in other spheres of social life have enjoyed the most extensive development. The totality of commitments assumed in accordance with the current friendship, cooperation and mutual assistance treaties expresses their people's profoundly recognized organic need for the closest unity in the process of creation of the new society. The socialist community countries have in the recent period performed a tremendous amount of work on the further enrichment of their mutual relations, the creation of new forms of economic, political and defense cooperation and the organization of joint actions on the international scene. All this is broadening the possibilities of the socialist countries' international cooperation and giving rise to the need for new approaches to questions of the development of their mutual relations. The need has arisen for the fuller use of all possibilities of the fraternal countries' interaction, for which bold experiments and the surmounting of outdated thinking stereotypes and bureaucratic and departmental barriers are needed. Finally, what is needed here is political will, new evidence of which were the recent meetings of the leaders of socialist community countries and, particularly, the important decisions adopted in the course of the Warsaw Pact Political Consultative Committee June meeting in Budapest.

The pursuit of a consistent peaceable line in international affairs in the complex and exacerbated situation of our day with its headlong change of events demands of the socialist countries a rapid and concerted response to what is happening and presupposes the adroit and purposeful use of an increasingly extensive and diverse arsenal of political means and methods. In accordance with this objective need, increasingly close and assertive interaction has become a most important feature of the international relations of socialism multiplying the strength and efficiency of the fraternal countries' joint actions on the world scene.

A thorough Marxist analysis and in-depth and comprehensive evaluation of the alignment and correlation of forces in the world arena, a detailed study of specific international-political situations in their main interconnections and a forecast of the likely versions of their development characterizing the new political thinking constitute an obligatory component of the process of the shaping and implementation of socialist foreign policy. The CPSU Central Committee Political Report to the 27th congress points out: "What are needed are particular accuracy in estimates of intrinsic potential and

restraint and the highest degree of responsibility in decision-making. Firmness in defense of principles and positions, tactical flexibility, a readiness for mutually acceptable compromise and a focus not on confrontation but dialogue and mutual understanding are necessary." As an expression of the consciousness and will of the socialist state and exerting a salutary influence on the entire system of contemporary international relations, the scientifically substantiated, peaceable foreign policy is assuming the nature of an objective reality, which is transforming this system in the interests of all mankind.

II

This interconnection appears entirely different in the foreign policy of capitalist states. Recent events have shown distinctly that the two socioeconomic systems differ appreciably in terms of both readiness and capacity for comprehending the emergent problems and solving them. Indeed, the bourgeois politicians currently calling the tune in the West are faced with the same international political reality as the makers of socialist foreign policy and encounter the same objective laws of development. However, they see this reality differently and either cannot perceive or comprehend the laws of social development or are altogether unwilling to recognize them. The foreign policy thinking of world reaction (as, incidentally, its political consciousness as a whole) is organically no longer capable of adequately reflecting the actual situation and actual processes and trends and, even less, the main prospects. The class-subjective perception of reality presents a skewed picture thereof and frequently leads to miscalculations in the process of the formation and implementation of the capitalist states' foreign policy and engenders relapses into attempts at a power solution of problems and contradictions.

In the sphere of international relations, as in all social phenomena and processes, subjective perception and, even more, evaluations, generalizations and conclusions, in other words, everything that is called political thinking, lag behind the development of real events. This is a natural consequence of the secondary nature of the consciousness. However, in the process of the shaping of the bourgeois foreign policy course this natural lag assumes under the influence of the class mentality of the people adopting political decisions hypertrophied dimensions, sometimes goes beyond the framework of what is reasonable, is contrary to reality and leads to truly catastrophic consequences.

The biggest manifestation and the one that has been most tragic for all mankind of such a trend in foreign policy thinking has in our time been imperialist circles' approach to the problem of war and peace. A. Einstein said that the onset of the nuclear age had changed absolutely everything apart from... our thinking. Indeed, many bourgeois politicians have remained in the grip of the ideas of the prenuclear age. They are, as before, putting their hopes in force, considering power methods a reliable means of policy, as if modern weapons, in the event of their concentrated use, would not put an end altogether to any policy, having liquidated it together with civilization and life on earth itself.

The monstrous arms race, which is totally without historical parallel and on which \$3 billion are currently thrown away daily, was engendered by the reluctance and incapacity of influential groupings of the West--and this applies primarily to the American ruling elite--to recognize the political realities of the nuclear age and their aspiration to cling to ramshackle dogmas and faulty methods which are knowingly inapplicable in the current situation. Combined with the as yet considerable economic and military-technical possibilities and potential of imperialism, the effect of this subjective factor represents the greatest danger which mankind has ever encountered. "A flight into the past is not an answer to the challenges of the future but rather an act of desperation, but this position is no less dangerous because of this," the 27th CPSU Congress observed.

The purpose of imperialism at the current stage is a change in the evolved correlation of forces of the two world systems and the elimination of the military-strategic parity which exists between them. The Soviet Union is counterposing to this dangerous course a firm and clear policy proceeding from the fact that the balance of military-strategic potentials of the USSR and the United States and the approximate equality of military forces of the Warsaw Pact and NATO are of fundamental, truly historic significance in world socialism's struggle for the security of the peoples and against a world nuclear catastrophe. As the USSR invariably emphasizes, the existing approximate equality is simultaneously the starting line from which movement toward a consistent lowering of the level of the military confrontation and the complete elimination of nuclear weapons is possible and essential.

As recent events have shown, such a prospect terrifies imperialism, American primarily, inasmuch as it sharply limits its possibilities of arbitrarily employing armed force to secure its interests in various parts of the world. U.S. ruling circles also fear the growth under the influence of detente processes of centrifugal trends within the imperialist system.

Of course, military force remains the means of solving international problems traditional for imperialism. Concocting plans for nuclear war, the most aggressive circles of American imperialism are not abandoning claims to world domination and are gambling on a "from a position of strength" policy, making the basis thereof the flawed and dangerous military superiority concept. "U.S. ruling circles," the 27th CPSU Congress pointed out, "are clearly losing a realistic reference point in this complicated period of history. Aggressive international behavior, growing militarization of policy and thinking and disregard for the interests of others are inevitably leading to the moral and political isolation of American imperialism and the widening of the gulf between it and all the rest of mankind. The enemies of peace in this country seemingly do not know that when nuclear weapons are ready to hand, time and space for civilization lose their customary outlines, and mankind is the captive of chance."

Realistic American political scientists also are writing with disquiet about this trend in Washington's current policy. Thus speaking about aspects of what has come to be called in the United States the national mentality, Stanley Hoffmann notes in his book on the present administration's foreign policy among the most disturbing elements of the crisis of American foreign policy thinking

"the power approach to international affairs. The number of problems which can be resolved fully or even partially with a show of force and dramatic actions in fulfillment of commitments is limited. Nonetheless, the United States is sure that any event is a test of American will and courage. There is a predisposition toward something resembling a peak style in international diplomacy, nostalgia for the big stick and 'heroic' assaults, nostalgia for a world under the authority of American sheriffs...." United States' policy in respect of the majority of developing countries, not to mention such "heroic" assaults as the disgraceful acts of American aggression against Grenada and Libya, testifies to a direct revival of gunboat and "big stick" policy.

The change in the line of imperialist policy, primarily the foreign policy and military policy course of the United States, on the eve and at the outset of the 1980's determined the main features of the present stage of international relations, which is characterized by a sharp exacerbation of the situation, increased tension and the growth of the direct threat of war. The main role here has been performed by adherence to traditional, "power" political thinking. As E.A. Shevardnadze, member of the CPSU Central Committee Politburo and USSR foreign minister, observed in his speech at the meeting of representatives of 35 countries devoted to the 10th anniversary of the Conference on Security and Cooperation in Europe, "objectively, all the participants in the All-European Conference should, we believe, be equally interested in the consolidation of European security and the development of cooperation. Political will is what is essential for successful progress along the path charted in Helsinki 10 years ago by the states' collective efforts, despite the differences in their size, social system, ideology and foreign policy orientation."

However, the development of events took a different path. Shortly after the signing of the Final Act, which was called on to initiate a new stage of detente, influential factions of ruling circles of the imperialist powers, primarily the United States, embarked on the path of a revision--in the guise of a "new reinterpretation of the world situation"--of the prospects of the relations of states of the two systems. It seemed to them that the correlation of forces was taking shape to their benefit since a number of economic and political factors which had been negative for imperialism had allegedly receded into the past. One of the most severe postwar crises of capitalist production--the 1974-1975 crisis--was over. The energy crisis, it seemed to them at that time, was over.

In the political plane the supporters and initiators of the revision of and break with the detente structures of world politics also deemed it possible to put very material changes down to their credit. This applied primarily to the surmounting of the so-called "Vietnam syndrome". The Watergate scandal, which had caused an unprecedented fall in the prestige of the powers that be and trust in them on the part of the people, had receded into the past also.

Also in the past, seemingly, were the serious difficulties in the relations with the allies. The small trade wars which had erupted had not had a direct impact on the military-political aspect of these relations, and the United States'

* S. Hoffman, "Dead Ends. American Foreign Policy in the New Cold War," Cambridge (Mass), 1983, p 105.

trade deficit with Japan was far from the present monstrous figure of \$50 billion, and this circumstance was not at that time clouding the Japanese-American alliance.

In evaluating the correlation of forces and taking into consideration its "pluses" U.S. ruling circles did not forget to also compute the "minuses" (as they imagined) of the Soviet Union.

The sole thing "marring" this "radiant" picture for the ideologists and politicians of imperialism was the military-strategic parity between the USSR and the United States. Whence the endeavor to do away with it concealed by the proposition concerning "Soviet military superiority".

The concept of foreign policy priorities is highly prevalent in bourgeois literature. This category essentially reflects the current state of international affairs from the standpoint of the interests and goals of the ruling circles of this capitalist state or the other. The system of priorities in the policy of any capitalist state is essentially determined by an evaluation of the individuals of groups of the ruling class shaping the policy course of the relative importance of the main directions of the foreign policy of this state. When representatives of the realistic wing of the ruling circles are i.: power, this evaluation corresponds to genuine national interests, and the pursuit of a foreign policy course corresponding to the country's priority tasks in the international arena contributes to a consolidation of security in the region and worldwide, the development of cooperation and the growth of the international authority and influence of the given state.

However, ever increasing negative examples of a shift of foreign policy priorities testifying that their evaluation by the makers of bourgeois policy frequently does not correspond not only to the genuine national interests of this state or the other but also the correctly understood interests of the ruling circles themselves have begun to accumulate in a most important sphere of world politics--that of relations of states of the two opposite systems. The change in foreign policy priorities made by Z. Brzezinski and J. Carter may serve as a most instructive and sorry example of such a kind. The development of allied relations was, as is known, given pride of place in the new list of basic directions of U.S. foreign policy, while relations with the Soviet Union were relegated to the background. But the objective need for a solution of the problem of war and peace in the sphere of the confrontation and cooperation of the two systems could not, of course, have changed or lost its paramount significance for all parties to international intercourse because of this subjective and volitional act.

The result was a slowing of the detente processes globally, nonextension of detente to the military sphere and the maturation and appearance of negative trends in world politics as a consequence of the aggressive, militarist nature of imperialist policy, which was manifested particularly distinctly on the eve and at the outset of the 1980's. The R. Reagan administration has in fact given the achievement of military superiority pride of place.

The struggle of the two trends in world politics and the very process of the formation and implementation of the foreign policy course of any state develop under the conditions of the interconnection and interaction of objective and subjective factors. The need for the comprehensive consideration ther of upon an analysis of whatever social phenomena, as far as recognition of the significance of a specific personality in social development, was noted by V.I. Lenin, who wrote: "The materialist sociologist who makes people's definite social relations the subject of his study is thereby also studying actual PERSONALITIES, of whose actions these relations are composed."*

Socialist foreign policy is struggling consistently and purposefully for the consolidation of peace and security and the prevention of a nuclear catastrophe. Imperialist policy abounds in relapses into aggressiveness incompatible with the realities of the era. However, the objective need to preserve life on earth combined with the powerful and growing influence of socialism and the will to peace of the overwhelming majority of mankind affords an opportunity for surmounting these dangerous trends. Political will in the name of peace on earth and in the name of a better future is needed now more than ever to put an end to the arms race and advance the cause of disarmament. The idea of the need for political will for the solution of vital international problems permeates all the material of the 27th CPSU Congress and Soviet leaders' speeches. The idea of new political thinking adequate to the demands made by the pivotal stage which mankind is experiencing is inseparably connected with this. The high role of the consciousness in ensuring mankind's survival is invariably emphasized by the Soviet side: "Let us count on the prudence of the working people of all countries, the commonsense of ordinary people, the growing sense of self-preservation and recognition by politicians and parties, of the NATO countries included, of the new realities."**

Socialism, which emerged as the embodiment of the consciousness and will of the most progressive representatives of human society and which blazed the trail toward freedom from exploitation and the development of all man's creative capabilities, has now become a decisive factor of the historical process. It is called on to accomplish a great new mission--saving mankind from self-annihilation. The active and enterprising, scientifically substantiated and innovative and purposeful and flexible socialist peace policy is the dependable guarantee that this mission will be fulfilled.

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"Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1986

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* V.I. Lenin, "Complete Works," vol 1, p 424.
** PRAVDA, 9 April 1986.

NORTH EUROPEAN SECURITY ISSUES ANALYZED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 86 (signed to press 13 Jun 86) pp13-22

[Article by Yu. Komissarov: "Two Approaches to Security Problems in Northern Europe"]

[Text] The concept of establishing a secure peace in the nuclear-space age, which was advanced in the 15 January 1986 statement by M.S. Gorbachev, general secretary of the CPSU Central Committee, and in the decisions of the 27th CPSU Congress, stems from the need for a resolute renunciation by all states of the old ways of thinking and acting, which for centuries have been based on the acceptability and permissibility of wars and military conflicts. The very dangerous atmosphere of nuclear confrontation requires new political thinking. Much in the Soviet platform of ensuring universal peace is directly addressed to Europe and is aimed at creating reliable security there based on the development of the Helsinki process and on a radical reduction in nuclear and conventional arms.

The exacerbated struggle between realism and "Atlanticism" over the cardinal issue of which direction international development will take--the path of peace and detente or a further arms race leading to nuclear catastrophe--is developing today not only in the West European countries that are at the center of military confrontation, but also in regions of the continent that have for a long time been regarded as being located sort of "on the periphery" of tension. The opposing trends in political thinking and practical policy are also making their presence felt in countries of the European north.

Northern Europe has traditionally been considered as one of the most stable regions of the continent, and at the same time the many common features of the development of Denmark, Iceland, Norway, Finland, and Sweden and their "northern" characteristics have been noted.

Indeed, a higher degree of commonality is inherent in north European countries than in other parts of Europe, which enables one to talk about a quite compact and, in many ways, homogeneous region. Besides the geographic location, these are factors of a historical, cultural, economic and sociopolitical nature. Differences in the state structure (three countries are constitutional monarchies, two are parliamentary republics) are not

fundamentally important in this case. The countries of northern Europe are among the most industrially developed capitalist states. Bourgeois-democratic traditions and institutions have developed and operate within them, and the workers movement has played and plays an active role. Also of no small importance is the fact the relations between north European countries are not burdened with any serious national contradictions, mutual territorial claims, major political and economic conflicts, or, in particular, military clashes.

The inclination to converge within the framework of a "united north" has been reflected in various kinds of ties with a regional basis, which have become particularly active since World War II. So-called Nordic cooperation is carried out through the Nordic Council (a consultative organ of governments and parliaments) and other multilateral institutions. Standardization of legislation has progressed a long way, and the processes of economic integration are deepening.

With all the features and significance of the European north, the politics of the countries located there has always been only a component, although an important one, of European "big politics." North European countries did not manage to bypass World War II. Norway and Denmark were victims of Hitlerite aggression, Finland was drawn into the war against the USSR on Germany's side, and Sweden's neutrality was threatened by the Nazis.

Having embarked on a path of open hostility toward the USSR after the end of the war and having begun organizing an aggressive bloc against socialist countries, the imperialist circles of the West also set their sights on Scandinavia, considering this region, which is located at the intersection of militarily and strategically important sea and air lines of communication and, moreover, in the immediate proximity of the Soviet Union, as a potential springboard for conducting military operations against the USSR. In this, U.S. and NATO plans for northern Europe were from the very beginning calculated on utilizing not only the territories of Scandinavian countries, but also the neighboring regions of the North Atlantic and the Barents, Norwegian, and Baltic Seas. The military-strategic parameters of the concept of "northern Europe" thereby expanded.

The entry of Norway, Denmark and Iceland into NATO meant not only their break with the prewar policy of neutrality and a practical implementation of the military-political concepts of "Atlanticism," which supposedly ensured the national security interests of these countries. This step fundamentally altered the situation in the whole European north, splitting it in terms of foreign policy and militarily and undermining opportunities to maintain stability and calm there.

The two other countries of northern Europe chose a fundamentally different path. Sweden confirmed its adherence to the traditional policy of neutrality, while Finland embarked on the path of ensuring its security by concluding the 1984 treaty of friendship, cooperation, and mutual assistance with the Soviet Union. These realistic policies by both countries were a main factor in promoting the preservation of stability in northern Europe.

Although the fundamental differences in the foreign policy orientation of north European states largely determine the distinctive quality and dynamics of the development of the situation in the region, one cannot ignore the fact that the processes occurring there, as well as the factors that shape them, are significantly more diverse and complicated. They patently reflect the presence of two opposing trends: on the one hand, the endeavor by realistically minded persons and the broad public circles in north European countries to keep their region outside the sphere of international tension and conflicts and to turn it into a zone of lasting peace, security, and cooperation; on the other hand, intensification--with the help of pro-Atlantic forces--of U.S. and NATO activities aimed at involving the Scandinavian participants in the bloc even more deeply in global militarist preparations, at warping Sweden's neutrality in a pro-NATO spirit, and at making alterations in Finland's foreign policy course that are favorable to them.

The very position of the three Scandinavian countries in NATO, as well as the nature of the commitments they have made, set them somewhat from other bloc members. Norway and Denmark are the only participants that have officially proclaimed a policy of not deploying foreign armed forces and nuclear weapons on their territory in peacetime. The demilitarized territory of the Spitsbergen archipelago, whose sovereignty was handed over to Norway by the 1920 Paris Treaty, has been removed from the NATO sphere of operations. Although Iceland, which is not part of the bloc's military organization, has provided a base for the U.S. Air Force in Keflavik, it also abhers to a course of preserving its nuclear-free status.

Adoption of the aforesaid restrictions, although done unilaterally and accompanied by a number of provisos, undoubtedly reflects a certain realism in the political thinking of the governments of these countries and their striving to consider the security interests of their neighbors to a certain degree. This position created--and under the condition of its consistent implementation now still creates--opportunities for containing NATO's military infiltration of northern Europe. It is no accident that precisely the issue of the "nonbase" and "nonnuclear" policy of Scandinavian countries has become one of the main issues of the security problems of the European north; political passions are seething around it and it is constantly under consideration by all states that have or claim to have a bearing on this region.

Understanding that they cannot succeed in forcing the governments of Scandinavian countries to renounce their officially proclaimed policy, the United States and the NATO leadership adopted from the very beginning a course of "eroding" to the utmost the primary substance of this policy. Unfortunately, they have had considerable success in this.

In the fifties and sixties the point was to create a broad network of "unmanned" (that is, without permanent foreign personnel) military facilities--air force and naval bases, radar stations, and ammunition and fuel stockpiles--within the NATO infrastructure on the territory of Scandinavian countries. In Norway alone, for instance, up to 11 percent of funds allocated according to the NATO infrastructure program were annually invested in the construction of these installations. The result was the existence on Norwegian land of more than 20 airfields and 10 naval bases designed for the bloc's needs. Six air

force bases and airfields and 3 naval bases have been established in Denmark. In addition to Iceland, a U.S. Air Force base has been built in Greenland. As a result, by the beginning of the seventies the joint "defensive" contribution of the three Scandinavian countries to NATO exceeded the contribution of Canada, which occupies third place behind the United States and Great Britain.

The increase of NATO's military presence in northern Europe has become very noticeable in the last 10-15 years, particularly at the turn of the seventies and eighties in connection with Washington's seeking military superiority over the Soviet Union. This militaristic intensification was characterized not only by quantitative indicators but also by a number of new qualitative points.

The constantly increasing scale of U.S., British, Canadian, and FRG air force, naval, and ground forces maneuvers in the region of northern Europe, their frequency and length, and the intensive use of military facilities established in Scandinavian countries--all this has turned into an actual basing of foreign armed forces on the territory of the states countries. According to official data, servicemen of NATO armies worked on Danish territory a total of 300,000 man-days in 1983, and 360,000 man-day in 1984.

The fact that support has been recently expressed in certain Norwegian circles for building up NATO's naval presence in the North Atlantic, and particularly in the Norwegian Sea, is drawing attention. Having appeared in the speeches of a number of retired military men at the end of 1985, and then voiced in statements by certain officials of the conservative government, these requirements were finally formulated in a report on Norway's security policy by the then Prime Minister K. Willoch, which was delivered at the Oslo military society on 7 April 1986. Having stressed that the goal of government policy is "to maintain Norway's membership in NATO at the highest level," he frankly states that "resumption of the presence in the Norwegian Sea of the naval forces of Norway's NATO allies would be a positive development in this direction." Moreover, of course, not a word has said about the fact that implementation of these plans would be fraught with destabilization of the situation in the north European region.

The bloc's leadership has for a long time paid particular attention to the North Atlantic and the waters of the Norwegian and Barents Seas. In recent years they have become regions for combat patrols by NATO naval forces, which are designed to make strikes on the territory of the Soviet Union. If before, the United States saw their task as "not permitting" the USSR Navy an exit to the North Atlantic, now, as stated by the American Vice Admiral Mustin, commander of the NATO strike fleet, the bloc's naval strategy "consists of advancing forces to the forward line and if need be conducting combat operations on enemy territory; that is, on the territory of Warsaw Pact countries."

The demonstrative military vigor of the United States in the Baltic Sea region is a new point in the "forward lines" strategy as applied to northern Europe. At the NATO "Baltops-85" naval exercises in the Baltic in October 1985, for the first time since the war the Pentagon sent a strike group comprising such

large ships as the battleship Iowa and the latest missile cruiser Ticonderoga, which are armed with Tomahawk nuclear cruise missiles. It was noted in the Scandinavian press that the United States thereby again stressed its increasing interest in the Baltic as a region of strategic importance to it. The evolution that the very concept of a "nonbase policy" has undergone is typical. If in 1949, for instance, the Norwegian Government declared that it would not provide bases on its territory for foreign armed forces "until an attack is made on Norway or until it becomes a target of threat of such an attack," now a new term has come into use--"crisis situation." The Danish Government has also given its policy this broad interpretation. Neither the Norwegians nor the Danes have for the time being specified who will determine the instant of "crisis situation" and how.

Under the cover of preparing for a "crisis situation," Norway and Denmark are conducting speeded-up modernization of principal main air bases and creating stockpiles of arms, combat equipment, and fuel and lubricants for ensuring accelerated reception of NATO "reinforcement forces."

The continuing deployment of new American medium-range missiles, including cruise missiles, in Western Europe is also substantially affecting the military-strategic situations in the region. The point is that the flight trajectories of cruise missiles designed to make a strike on the USSR will pass through the airspace of north European states. The problems that arise with regard to the possible use of long-range cruise missiles, which U.S. ships and aviation operating in the North Atlantic are armed with, are also obvious. The changes that have occurred in recent years in the military-strategic situation in northern Europe were quite fully described by K. Thyberg, a prominent Swedish expert on security problems (and currently Swedish ambassador to Helsinki): "Northern Europe can no longer be considered as being on the periphery, located at a secure distance from the major crisis centers. "Today it is a central strategic region where the interests of both alliances will be affected if a military conflict breaks out in Europe."

(Footnote 1) (HELSINGEN SANOMAT, 25 February 1985) Of the same opinion is Finnish researcher (P. Yoenniemi), who notes that "changes in relations between the great powers and in their policies also significantly affect changes in the foundations of the security of northern Europe." (Footnote 2) (KALEVA, 18 October 1985) The intensification of U.S. military activity within NATO, the participation of individual Scandinavian countries in this bloc, and their involvement in its aggressive preparations have been and are the main factors threatening the foundations of peace in this region. That is why in the current complicated international situation, the preservation and development of all that is positive in the policies of north European countries, which in its totality opposes "Atlanticism" and ensures genuine security are so important, and specifically: Finland's policy as defined by the 1948 treaty, Sweden's neutrality, the "nonbase" and "nonnuclear" policies of Norway and Denmark, and Iceland's nuclear-free status.

Under the conditions of a real threat of nuclear war and in the face of U.S. aspirations to turn all of Western Europe into its nuclear missile arsenal, the idea of proclaiming this region as a nuclear free zone is of particular importance. The differences in an "Atlanticist" and genuinely national approach are patently manifest in this vitally important issue for north European peoples. If the idea, proposed more than 2 decades ago by Finnish President Y. Kekkonen,

of a nuclear-free north was in fact simply rejected by Scandinavian countries as "unnecessary" and "unrealistic," not one north European government now opposes its discussion. Moreover, not only neutral Sweden, but also Norway, Denmark, and Iceland have officially declared their positive attitude, in principle, to Finland's proposal. Since 1982 this issue has been discussed at meetings of the northern countries' foreign ministers, and at a number of them reports have been prepared by special governmental commissions. A conference of the northern countries' parliamentarians was held in Copenhagen in November 1985; it was devoted to the problems of a nuclear-free zone and in which government representatives of Finland, Sweden, and Denmark also took part. The slogan "A Nuclear-Free Status for Northern Europe" has become a central demand of the growing antiwar movement in Scandinavia. The aforesaid evolution is evidence that the idea of a nuclear-free zone in northern Europe is gradually gathering strength and is becoming a real factor in shaping the foreign policy thinking of responsible politicians in the region's countries. At the same time it should be noted that approaches to the problems of a nuclear-free north by individual countries and various political forces within each of them are still far from uniform. If there have been quite substantial advances in Sweden's position, particularly after the coming to power of O. Palme's Social Democratic government in 1982, the Governments of Norway, Denmark, and Iceland are still acting on this issue along NATO lines and surrounding their position with a number of provisos and conditions, which hamper transferring the problems of creating a nuclear-free zone onto a practical plane.

Significant in this regard is a report by a special commission of the Norwegian Foreign Ministry (the so-called (Colding Commission) (Footnote 3) (See AFTENPOSTEN, 26 November 1985) published at the end of November 1985--a few days before the parliamentarians' conference in Copenhagen (which was assessed as a desire to influence its work). What conditions do the authors of the report advance? Many of them are not new (they are also shared by other Scandinavian NATO member-countries), but they are formulated with premeditated harshness. Thus, the need is stressed again to resolve the issue only in a general European context and make it dependent on the results of talks on disarmament in Europe. Considering the complexity of these talks, which have been conducted for more than a year, and some of them for more than a decade, this formulation of the issue actually postpones indefinitely the prospect for implementing Finland's proposal.

It is necessary to stress the importance of the statement by Finnish Foreign Minister P. Vayrynen that the relationship with other steps of arms limitation in Europe "should not be an obstacle to the advancement of the idea of creating a nuclear-free zone in northern Europe. Moreover, broad European solutions could also gain impetus from efforts in the north concerning the creation of a nuclear-free zone." (Footnote 4) (HELSINGIN SANOMAT, 24 November 1985) Addressing the conference in Copenhagen, O. Palme stressed: "We cannot isolate ourselves from what is happening in the surrounding world. At the same time it is important that we do not condemn ourselves to passiveness and agree to be only pawns in the big game." (Footnote 5) (DAGENS NYHETER, 29 November 1985)

It is clear that steps such as proclaiming northern Europe a nuclear-free zone or the proposal by Sweden to create a corridor free from being a nuclear weapons battlefield in Central Europe, which are important in themselves, would promote achievement of the end goal--freeing the entire European continent from tactical and medium-range nuclear weapons.

The aforesaid report by the Norwegian Foreign Ministry commission in fact again raised the question about including the northwestern regions of the Soviet Union in a nuclear-free zone: "The zone's network should not just be limited to the territory of Nordic countries. It should also affect the nuclear weapons deployed in adjacent regions, primarily those on the Kola Peninsula and in the Baltic Sea region." Also advanced is a new requirement of limiting conventional arms in these regions "in view of the Soviet Union's clear superiority in them." The same requirement is addressed to the Polish People's Republic and the GDR. The "(Colding) Commission" goes further still, insisting on the "accessibility of the appropriate regions of the Soviet Union to verification by other interested states."

We know that at one time the Soviet Union considered it possible to accommodate a number of the wishes of the Nordic countries and stated its readiness to examine questions about certain--moreover, substantial--measures applicable to its own territory in the region adjacent to a future nuclear-free zone. This was done with the aim of promoting the creation of favorable conditions for implementing this idea. This step by the Soviet Union was highly assessed by the north European countries.

As regards the far-reaching demands made by Norway, it should not be forgotten that the defense measures taken by the Soviet Union in its northwestern regions, including the Kola Peninsula, have never had a regional orientation, and have not and do not threaten the security of the countries of northern Europe, but were due to a need to restore the global military-strategic parity violated by the United States and NATO toward the beginning of the sixties. The Soviet Union is a nuclear power, and to make certain special demands on it just on the basis that some of its regions border on an eventual nuclear-free zone is illegal.

This also applies to the issue of verification, which also must be examined on a broader international plane. Now this issue, as it is formulated by Norway, very much recalls the demands for "transparency" that the NATO countries are trying to promote so persistently at the conference in Stockholm. On the whole the USSR's measures as applied to its own territory in the region adjacent to a future nuclear-free zone in northern Europe, like the idea of creating this zone itself, should apparently be considered in the context of efforts to strengthen confidence and security. As noted in the Final Act of the Conference on Security and Cooperation in Europe, states are taking these measures proceeding from a desire to strengthen confidence among each other and thereby promoting the strengthening of stability and security in Europe and a reduction in the danger of armed conflict.

It is also appropriate to mention the discussion that has recently been held on issues associated with the Baltic Sea. Taking into account the dispositions in Scandinavian states, in 1983 the Soviet Union declared its readiness to discuss with interested parties the issue of providing a nuclear-free status to the waters of the Baltic. Later, assertions appeared within certain circles in Scandinavian countries that the USSR had altered its position and intended to consider the issue of a nuclear-free status for the Baltic Sea in connection with more general problems of security in Europe.

Of course, the state of affairs in the Baltic is an issue whose substance is associated not only with northern Europe but goes beyond this region. But the logic, according to which the possibility and reality of a nuclear-free status for Scandinavian countries is dependent on removing nuclear weapons from the seas surrounding it, is obvious. The relevance of this formulation of the issue was stressed by the participation of American warships equipped with nuclear cruise missiles in recent NATO maneuvers in the Baltic and their entry into the territorial waters of Sweden and Denmark.

A nuclear-free status for the water of the Baltic Sea would substantially strengthen peace and stability in the entire region of northern Europe. Of course, there are a number of specific aspects here associated with the presence of international waters in the Baltic and with the interests of other Baltic states. But this is now an issue of specific talks with the interested countries.

One must see that the aforesaid provisos, doubts, and hesitation displayed in certain Scandinavian circles concerning the idea of a nuclear-free zone in many respects reflect the abruptly negative position of Washington and the NATO leadership on this issue. Incidentally, the governments of Norway and Denmark do not conceal the fact that without coming to an understanding with their Atlantic partners, they will not agree to any nuclear-free settlement.

Meanwhile, Washington's position is quite definite. It considers that nuclear-free commitments by its Scandinavian allies would strike a blow at the nuclear strategy of the North Atlantic bloc and the concepts of a "first strike" and a "limited nuclear war." As early as 1981, the American Administration frankly stated to the Norwegian Government that the creation of a nuclear-free zone does not comply with NATO interests. During a periodic trip to Finland in September 1985, U.S. Assistant Defense Secretary R. Perle, having called the idea of a nuclear-free zone "senseless," again discussed a "nuclear threat from the Soviet Union."

Further advancement of the idea of creating a nuclear-free zone in northern Europe largely depends on whether the governments of Scandinavian NATO member-countries further equate their posture with the bloc's negative attitude or whether a constructive and realistic approach to a paramount security problem for their countries and the region as a whole prevails. The social democrats, communists, and a number of other Norwegian and Danish parties demand precisely this approach. On the eve of parliamentary elections in 1985 the Norwegian Labor Party repeatedly supported an invigoration of efforts to create a nuclear-free zone and confirmed this position after coming to power in May 1986.

At the initiative of the Danish Social Democratic Party and other parties comprising the so-called antimissile majority in the Danish Foketing, a resolution was again adopted calling on the government to actively work towards creating a nuclear-free zone. In the spring of 1985 the Icelandic Althing opposed the deployment of nuclear missile weapons in the country.

Clarifying his idea of a nuclear-free zone in northern Europe in 1978, U. Kekkonen raised the question about the participation of nuclear powers in this settlement. O. Palme also more than once expressed the view that a condition

for creating the zone must be a commitment by nuclear powers to respect its nuclear-free status, "to make a clear and unconditional commitment not to use or threaten to use nuclear weapons against our countries."

This position met with understanding from the Soviet Union, which had frequently declared its readiness to be guarantor, either unilaterally or together with other nuclear powers, of a nuclear-free zone in northern Europe. Guarantees of the nonuse of nuclear weapons against the states included in the zone is the main and, unquestionably, the most important condition for ensuring their nuclear-free status.

It is no accident that certain circles in Scandinavia that are oriented toward Washington are seeking to sow doubts about the effectiveness of such guarantees. The already mentioned report by the "(Colding) Commission" asserts: "Regardless of the substance of the security guarantees by the nuclear powers, the main question arises: To what extent can one believe the statements made, particularly in a crisis situation or when a threat of war arises?"

As regards the Soviet Union, it has always strictly fulfilled the political, juridical, and moral commitments it has made. It is prepared to formalize its guarantees concerning a nuclear-free zone at any time, not only in the form of a unilateral declaration, but also by concluding either a multilateral agreement in which it takes part or bilateral agreements with each country included in the zone.

The 27th CPSU Congress very definitely confirmed that the Soviet Union will support the adoption of measures promoting the nonproliferation of nuclear weapons and the creation of zones free from these and other mass destruction weapons. In April the USSR and other Warsaw Pact member-states addressed an appeal to European states, the United States, and Canada to take energetic action to carry out proposals to create nuclear weapon-free zones on the European Continent and expressed a readiness to take part in conducting an in-depth and specific exchange of views aimed at promoting the implementation of practical steps to create nuclear-free zones in northern Europe and the Balkans. The Soviet Union's principled approach to issues associated with proclaiming northern Europe a nuclear weapon-free zone was reaffirmed during the official visit to our country by Swedish Prime Minister I. Carlsson in April 1986.

It should be noted that the program of establishing a secure peace advanced by the Soviet Union itself proposes a whole package of measures whose implementation would already in the immediate future promote a strengthening of security and stability in northern Europe. Is not clear, for instance, that reaching agreement on a total end to nuclear tests would create favorable conditions for ensuring the nuclear-free status of the European North? The implementation of the USSR's proposal on the total elimination of American and its own medium-range missiles in the entire--without any bounds--European zone would serve the same purpose. The problem of using sea- and air-based long-range cruise missiles, which is worrying northern European countries, could be largely solved if the USSR and the United States, as early as the first phase, cut by half the nuclear weapons that can reach each other's territory and establish sharply reduced total ceilings on all nuclear weapons.

The American "star wars" plans have procured an ambiguous reaction in northern European countries. To put it more precisely, the overwhelming majority of politicians and the broad public immediately understood the danger that launching an arms race in space carried with it. At the same time, the question of "Atlanticist solidarity" arose for the countries participating in NATO.

Finland and Sweden took a distinct and unambiguous position. Finnish President M. Koivisto declared the impermissibility of using outer space for military purposes. The Swedish Government condemned U.S. plans to create a large-scale AMB system with space-based elements. O. Palme was one of the authors of a declaration by the leaders of six states (Argentina, Greece, India, Mexico, Tanzania and Sweden) that contains an appeal to stop the arms race on earth and not to permit one beginning in space.

As regards Norway and Denmark, they became a target for direct pressure from the United States, which was trying to include them in the implementation of SDI.

The leadership of the Norwegian Labor Party demanded that the conservative government then in power oppose implementation of programs aimed at developing and producing space-strike weapons. As its deputy K. Frydenlund (currently foreign minister) stressed, "Norway should not support American plans for the militarization of space, it should warn the United States about the dangerous consequences of their implementation." (Footnote 6) (ARBEIDERBLADET, 6 November 1985)

Norway's conservative government, although it tried to vindicate SDI as a supposedly induced necessity to "respond to the Soviet Union," nonetheless declared its refusal to take part, at the state level, in research within the framework of the program proposed by the United States. At the same time Norwegian firms and scientific research centers were given the "green light" to take part in this research.

Copenhagen's position regarding SDI is defined in Folketing resolutions of 26 March and 14 May 1985 directed against U.S. military-space programs. According to the resolutions, Denmark not only opposes deployment of weapons in outer space and participation in the scientific research and development of these weapons; an obligation is placed on the country's government to actively work toward ensuring this as NATO's position in all appropriate international organizations. Adhering to this, Denmark, together with certain other NATO countries, has managed to secure renunciation of a mention of American military space programs in communique of NATO's Military Planning Committee, Eurogroup, and the spring session of the Council. It is typical that during Prime Minister P. Schluter's official visit to Washington in the fall of 1985, dissatisfaction was expressed to him over the independence displayed by his government.

In connection with the U.S. refusal to join the moratorium on nuclear explosions proclaimed by the Soviet Union, and the American Administration's continuation of tests of explosive devices in Nevada, the governments of Scandinavian NATO member-countries, although declining to directly condemn these steps and restricting themselves just to expressing "regret" again stressed the need for very quickly reaching agreement on a total ban on nuclear weapon tests. For

instance, the Danish Government called on nuclear powers to begin, as quickly as possible, talks aimed at concluding a nuclear test ban treaty subject to international verification.

Sweden is actively working on the issues of preventing a nuclear war. The precepts of the Soviet concept of security through disarmament and by eliminating the nuclear threat have much in common with the thoughts expressed in the messages of the leaders of the "Delhi Group of Six" to the leaders of the Soviet Union and the United States. The Swedish Government welcomed the USSR's decision to continue the moratorium on nuclear weapons tests until 6 August 1986. Having assumed the post of Swedish prime minister, I. Carlsson declared his intention to actively continue the line toward eliminating the nuclear threat.

The countries of northern Europe express the hope that the Soviet-American dialogue that originated with the summit meeting in Geneva does not break down. Finnish President M. Koivisto, having noted the importance of deepening mutual understanding between the great powers on the issue of further measures that could lay the basis for new agreements in the sphere of disarmament, stressed in this regard the urgency of a total nuclear test ban.

The long-term security interests of the north European states have never contradicted and will never contradict the security interests of the Soviet Union: of course, with the understanding that the point is to preserve and strengthen peace and stability in this part of Europe. The Soviet Union is far from indifferent to whether a further buildup of U.S. and NATO military preparations is carried out in the region located in the immediate vicinity of USSR borders or to whether a realistic approach prevails based on a rejection of outmoded stereotypes of military-political thinking and on an ability to search and find solutions that would comply with the objective requirements of peoples and with the realities of the contemporary world.

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"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1986

CSO: 1816/11

S&T PROGRESS IN U.S. VIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 86 (signed to press 13 Jun 86) pp 23-33

[Article by V. Zubchaninov: "Use of S&T Progress in the United States"]

[Text] Conditions in Which S&T Progress Is Made

Technical progress in our time is being used as a most effective means of strengthening national might by all industrially developed countries. It is well known that this means did not appear all at once. The CPSU Central Committee Political Report to the 27th party congress emphasized that the S&T revolution matured "by degrees, gradually in order subsequently, in the final quarter of the century, to initiate the gigantic increase in man's material and intellectual possibilities."

How are these gigantic possibilities being used in the United States? Primarily in a persistent endeavor to achieve superiority in competition with the world socialist system and to attain its neoglobalist goals. These tasks are being tackled primarily by military research. It is currently diverting huge resources. Spending on the militarization of S&T progress in the period 1980-1985 in fact doubled (from \$13 billion to \$27 billion). Engineering accomplishes the bulk of the technical innovations. The relative significance of the military product in certain industries of this sector is therefore indicative (see table).

Proportion of Military Product in Total Output of U.S. Engineering (1982)

<u>Industry</u>	<u>Share of Military Product (%)</u>	<u>Proposed 1987 Increase in Military Product Compared with 1982 (%)</u>
Shipbuilding products	62	24
Radio communications and control systems	58	54
Aircraft engines	54	33
Aviation equipment	41	35
Optical instruments	28	38
Aircraft	40	59
Scientific and laboratory instruments	28	60

Semiconductors	13	51
Computers	7.3	105
Electronic computers	7.1	141

Source: "1983. U.S. Industrial Outlook," Washington, 1983, pXLII.

Together with the spending for military purposes the constant instability of the economic growth rate inherent in capitalism was manifested particularly graphically in the 1970's and the first half of the 1980's. The average industrial production growth rate in the period 1973-1983 constituted 2 percent. In years of a general decline in production here the dips in industry were considerably in excess of those which occurred in terms of the national economy as a whole. Thus in 1975 the manufacture of industrial products had declined more than 10 percent, in 1980 some 4 percent and in 1982 again by 6.2 percent, in 1983 and 1984 there was growth, but in 1985 it had come to a halt. In terms of the entire economy the stalling in the growth rate was leveled somewhat by the relative stability of the nonproduction sphere. Nonetheless, in the period 1973-1985 the gross domestic product grew by an average of only 2.5 percent in the United States. And, furthermore, during the 1970's crisis it twice declined absolutely compared with the preceding year, then for 3 years rose to the previous level and in 1978 began to decline once again. In 1980 it was below the level achieved in the preceding year, declined in 1981-1982 and only in 1983 did it reach the 1981 volume. In 1984 it began to grow, and the growth came to a standstill in 1985.

The instability of the economy and the underuse of production capacity are causing a lack of confidence in the investment of resources, returns from which come to hand only several years after the investment of the capital. Yet it is through investment that scientific achievements are materialized. For this reason it is important to note that the investments in research activity are outpacing general capital investments. From 1974 (the precrisis highpoint) through 1983 the latter increased 18 percent, but the annual financing of research work increased 40 percent. This is partly explained by the orientation of research work toward military purposes. Whereas in 1980 research work of directly militarist significance, space included, took up approximately 30 percent of the sum total of allocations for R&D, in 1985, it is estimated, it had risen to 40 percent. Two-thirds of federal appropriations for research work are earmarked for military purposes in 1986. More than 18,000 scientists are currently engaged directly in "star wars" problems alone. The proportion of accumulation in the U.S. gross domestic product has for many years now constituted approximately 16 percent (30-35 percent less than in other major capitalist countries).

There was real panic in this connection in American current affairs writing of the start of the 1980's. It was pointed out that obsolete equipment was operating in U.S. industry and that plant machinery represented an "engineering history museum" (although each overhaul of equipment in the United States updates and modernizes it, as a rule). The need for a radical "reindustrialization," which, according to approximate calculations, would require capital investments more than double actual investments, was propagandized insistently.

There are undoubtedly certain grounds for alarm. In terms of a number of individual indicators of technical development the United States is losing its leadership in the capitalist world. Flexible automated works came to be introduced in the United States as of 1967, and in 1983 there were 28 of them, fewer by a factor of 1.5 than in Japan, which began the assimilation of these systems considerably later. Continuous steel casting in 1983 constituted no more than 33 percent in the United States, over 50 percent in the FRG and France and approximately 79 percent in Japan. Whereas by the end of the 1950's some 80 percent of technical innovations in the capitalist world accrued to the United States, it currently accounts for no more than half, and by the start of the 1980's up to 30 percent of metal-removing machine tools, 30 percent of economy-type automobiles sold and 50 percent of electronic and radio components were of Japanese and European manufacture.

Nonetheless, it would be premature to claim that technical progress in the United States has come to a halt or that other capitalist countries have already taken over its leadership. Of course, this progress is uneven, and its rate declines sharply in crisis and recession years.* But granted all the contradictoriness and fitful dynamics of the economy, the accumulated potential of S&T development is permitting the United States to use it as a most powerful weapon in the struggle for world domination. Certain singularities of technical progress conditioned by the current state of the economy merit attentive observation.

Technical Progress in its Modern Understanding

Not confined merely to the creation of new implements and other means of labor, technical progress is seen as a complex system in which each of the elements forming it is equally important and necessary. They are all divided into material and nonmaterial. Pertaining to the first are technical resources, primarily implements of labor, the technology corresponding to them, a product engineered or designed such that it possess the most expedient properties in consumption and in manufacture and, finally, the subject of labor specially prepared for the engineering and technological conditions of production and the nature of the product. The second group of elements is labor, primarily creative and providing for the skillful use of equipment and technology: organization and management creating a rational combination of material and nonmaterial elements in space and time. In addition, various forms of maintenance and business services, without which the system cannot now operate, have become obligatory. Great attention is paid in the United States to the organization of management. This may be judged from the structure of the top-qualifications specialists undergoing training. In 1981 the higher educational institutions graduated in organization and management 201,000 people with bachelor's and 58,000 with master's degrees. Engineers, 75,000 and 17,000 respectively.

* IZVESTIYA AKADEMII NAUK SSSR. SERIYA EKONOMICHESKAYA No 4, 1984,
pp 93-105.

According to the adduced conception of technical progress, it encompasses all (or almost all) measures providing for a general improvement in economic activity. It was with good reason that R. Solou declared, employing the unitized production function which he developed, that up to 90 percent of economic growth is brought about by technical progress.*

Conditions satisfying social requirements (which do not coincide with individual requirements) are the ultimate goal of technical progress in the economy.

It is obvious here that social requirements, which under capitalist conditions acquire the form of effective demand, can only be satisfied given a continuous increase in the reproductive efficiency of labor activity, which ensures profit for the manufacturers and also accessibility and advantage (benefit) for the consumer. An increase in reproductive efficiency is expressed in a reduction in the input of social (aggregate) labor or use per unit utility of the use values produced. It is this that creates the resources for growing consumption. It is perfectly obvious that the satisfaction of social requirements by way of the use of technical progress is feasible only given a growth of the productivity of aggregate, that is, live and embodied, labor. If this condition is not observed and technical novelties do not lead to a growth of the productivity of aggregate labor in all its forms, technical progress essentially cannot occur because the sole source of accumulation, thanks to which progress is realized and expanded reproduction is accomplished, is the savings (increase in labor productivity) produced. It is natural that the satisfaction of requirements here is limited. There was a pronounced decline in the labor productivity growth rate in the United States in the period 1973-1985. This permits the conclusion that the rate of technical progress also declined in the given period.

Technical progress is known in two manifestations thereof. The first consists of a refinement of the applied conditions of operation without a change in traditional principles. Thus the manufacture of engineering components by way of cutting metal is preserved and developed and could achieve a high degree of perfection, but the technology, with all its inherent shortcomings, remains in principle traditional. Development without a change of the fundamental principles of equipment and technology in all cases sooner or later reaches a limit.

The other manifestation of technical progress is connected with a fundamental reorganization of production, proceeding from the new principles discovered by science and developed for practical application. In most general form it may be said that the application of nonmechanical means of influencing the subjects of labor have already been scientifically prepared. Right up until the mid-20th century only means of thermal effect (high-pressure included) and only partially biological effect (in baking, viniculture and so forth) were used, apart from mechanical means. It was only as of the 1950's that the engineering application of effects on the internal structure of the subjects of labor began.

* See M. Braun, "Theory and Measurement of Technical Progress," Moscow, 1971, pp 103-104.

However, the sectors of industry which manufacture metal and metal products, machinery, transport and power engineering equipment and clothing and to a considerable extent also the inorganic and organic chemistry sectors and other industries which are vitally important for modern society are, in the main, continuing to use equipment and technology based on traditional principles.

The correlation between the refinement of traditional technical means and progress based on a cardinal change therein may be judged by the example revealed by a survey of the so-called Sloan School near Boston under the leadership of E. von Hippel. Of the 111 innovations employed in scientific instrument building which were studied, only 4 were radically new, 44 represented significant refinements without a change in fundamental principles and 63 were negligible functional improvements.

The creation of technical innovations on nontraditional principles requires long timeframes and large capital investments. The possibility of controlling the flow of electrons in semiconductors was determined in practice back at the turn of the century. But it was only during WWII that work began on the creation on this basis of high-speed computer equipment. The first electronic computer models required more than \$2 billion in outlays on R&D (in 1980's dollars). It was then ascertained that more radical solutions using the latest fundamental scientific discoveries were possible. It was only after this that the transistor appeared (1948). Finally, at the end of the 1960's, the technology of the production for sale of integrated circuits and then large and very large integrated circuits accommodated on a silicon chip was developed. This led to the creation of microprocessors, whose use ensured for electronics the broadest and highly diverse application.

No industrially developed capitalist country, including the United States, is abandoning such development--capital-intensive and prolonged, but essential in the long term. However, in periods of a more unstable economic development rate the main attention is paid to an upgrading of equipment and technology based on traditional principles. The fact that the latent possibilities of engineering resources, despite the antiquity of their principles, prove to have not yet been fully exhausted also contributes to this, in addition to a number of other factors. The most important engineering resources employed in industry, particularly those such as the conversion of different types of energy (thermal, mechanical, light, chemical, nuclear) into electric power with its wire distribution and transfer are not yet obsolete.

Special attention should be called to the fact that their latent possibilities are continuously being revealed and developed by modification and refinement agents. In addition, in many cases they avail themselves to this extent or other in their development of certain aspects of the latest equipment based on new principles. Currently tremendous significance is attached to the use of electronic equipment for controlling processes and automating them. Progress is possible here even with the preservation of the old technical and technological principles.

Refinement of Traditional Equipment and Technology

Technical innovations which have enjoyed steady and extensive dissemination and which preserve their significance for many decades incorporated the possibility of modification at the design stage even. It may be said that they provide for the principle of continuous progress. It is this which ensures the long "lifetime".

The idea that the "life" of any technical innovation follows a logistical curve* was once prevalent in economic literature. First there is assimilation of the market, which leads to a gradual growth of production, and then a certain, sufficiently high level of both sales and production is established, but the market is allegedly saturated, and then the growth curve heads downward. In technical practice things are different. If the possibility of constant refinement imparting new useful properties to or reducing the unit cost of these properties is provided for at the time of planning, the so-called saturation of the market is extended forward until the creation and dissemination of a fundamentally different hardware component. It is precisely the possibility of continuous modification which explains why the four-stroke internal combustion engine, which has been in use for more than 100 years, has not become obsolete (invented in 1876). The engineering principle originally discovered by A. Bell in 1876 makes it possible to manufacture an infinite number of increasingly new, more accomplished modifications to the telephone, and although the apparatus has already had a lifetime of more than a century, it continues to be produced en masse without experiencing market saturation. Being perfected continuously, the induction motor remains in our time also a basic hardware component and so forth.

The modification of incandescent lamps may serve as a basically simple, but convincing illustration of the continuousness of the progress of products, the principle of which has long been traditional. They were designed by T. Edison in 1879. From the very outset the lamp did not represent an isolated invention. It was an integral part of a system of the wire transfer of current, could be used in lighting apparatus as a standard replaceable component and required the creation of the technology of mass glass-blowing, vacuum and special metal-working production. The consumer accepted it, and a dependable sales market formed. But the light yield of the carbon-filament lamp was insufficient. In order not to let the market possibilities slip work began immediately on modification of the original model, and the tungsten-filament lamp was invented. Its carbon predecessor was immediately withdrawn from production. This did not occur as a result of saturation of the market and not because the lighting system had changed but because for the purpose of an extension of the life of the innovation it had undergone refinement. This merely expanded an already assimilated market. The vacuum bulbs were replaced by gas-filled bulbs, and the composition of the gas was improved. Finally, in our time the possibility of covering the inner walls of the bulb with fluorescent powder appeared. The most important thing in this example is,

* The spread of this viewpoint evidently reflected the influence of S. Kuznets, who believed that movement along a logistical curve may be considered a universal law for economic phenomena.

first, the fact that the refinement requires no changes in the system of consumption (that is, the sales market): all the bulbs of the new modifications screw identically into the same sockets and are supplied from the same system and require no technical changes to the lighting fixtures. The reason for a modification is not saturation or a change of the sales market but its development and increased demands on the quality of the products consumed. Second, the nature of production (glass-blowing and metal-working production) is preserved also.

The fact that certain new products "do not survive" is explained by the absence of possibilities of their continuous improvement.

Given the existence, however, of these possibilities, some elements of fundamentally new achievements of science and technology are, as observed above, introduced to the traditional hardware components. Means of automation may serve as an example. Originally they were cumbersome and expensive and, what is most important, lacked versatility. Automation increased the costs of hardware components and failed to ensure the desired results. The spread of microprocessors afforded the traditional hardware components new possibilities of increased efficiency.

This occurs particularly graphically in machine building. A task requiring radical solution in this sector is an increase in the utilization factor of machine time given the maximum versatility of production. It is now extremely low (0.15-0.25, not counting such losses as idle shifts and days off). Even with preservation of the prevailing metal-cutting technology the application of comprehensive automation based on the use of microprocessors makes possible the creation of flexible automatic production systems. A shop organized by the Japanese Toshiba company capable on the basis of traditional cutting technology of manufacturing up to 3,000 different machine-building components in batches of 1 to 20 may serve as an example. Switching from the manufacture of one type of component to another occurs without a loss of machine time. Its utilization factor could amount to 0.95. The same thing has to be happening at the widely known Japanese "people-free technology" plants (["Fanuk," "Yamadzaki tekkose"]). Certain such shops are appearing in the United States also, but more slowly than in Japan. The extent to which the level of perfection of metal-removal machine tools in the United States has risen with the use of electronic automation may be judged from the following data. In 1949 (according to the first machine tool census) the United States' pool of machine tools consisted of 1.8 million units. In subsequent years the pool increased and in 1973 amounted to approximately 2.4 million, but then began to diminish rapidly and, according to the 1983 census, declined to 1.7 million. The output of products per machine tool, however, increased on average by a factor of 3.6 from 1949 through 1983.*

* Calculation of Candidate of Economic Sciences E. Vasilevsky, associate of the USSR Academy of Sciences Institute of World Economy and International Relations.

Simultaneously another task is being tackled in machine building also--the automation of installation-assembly operations, which are performed for the most part by hand. There is already practical experience of the partial automation of production line assembly operations (automobiles, electric motors and such). A very important part here is played self-moving mechanical arms endowed with many degrees of freedom (robots), which with the use of electronic automation have become efficient. Their design is being perfected everywhere for the purpose of creating conditions for the automation of assembly operations. This is particularly important for the transformation of machine-building technology because up to one-half of those operating in the given sector is now engaged precisely in assembly operations and freight-shifting work. Their automation is evidently feasible, although together with the application of means of automation a design change in the manufactured products and also a change in the methods of the coupling of components (by the introduction of gluing, welding and such, for example) are required for its realization.

An increase in the efficiency of the traditional engineering systems by way of the partial use of nontraditional technology is occurring not only in machine building and is not confined to the use of electronic automation. Thus with the development of microbiological knowledge chemical industry has begun to seek catalysts whose action approximates that of natural enzymes which are natural catalysts. Chemical industry is working perseveringly on the creation of such catalysts synthetically. A big achievement was the discovery of organometallic catalysts ([K. Tsigler and Dzh. Natta]). The very first experiments showed, for example, that the polymerization of ethylene may occur at room temperature and normal pressure. Subsequently many stereoselective catalysts on an organometallic basis were developed. Their industrial use is increasing the activeness of the processes, reducing energy and raw material consumption and making it possible to control the molecular structure. The creation of artificial or so-called complex catalysts with an action close to that of live enzymes has begun. By means of the combination of biological enzymes separated from the organisms with certain materials and environments thermal-stability properties are imparted to them, and they become suitable for relatively long-term action (immobilized enzymes).

While confining ourselves to these examples we should call attention once more to the fact that the use of the unexhausted potential of traditional technology, frequently in combination with the use of certain revolutionizing new achievements, does not currently signify stagnation but is capable, up to certain limits, of continuing technical development. The dynamics of certain summary indicators testify to this. They include primary energy consumption per unit of gross domestic product (calculated in constant prices). Taking its 1970 level as 100, in 1975 it was in the United States the equivalent of 93.3, in 1980 some 83.7 and in 1982 some 77.6. There was a similar decline, albeit somewhat slower, per unit of gross domestic product in input of utilized labor. In 1982 it constituted 82.7 percent of the 1970 level. The reduction in the unit consumption of steel materials is indicative. In 1984 it constituted per unit of GDP 88 percent of 1970.

Progress Based on a Radical Reorganization of the Conditions of Technical Development

The technical realization of the latest scientific discoveries creating fundamentally new means of satisfying social requirements reduces unit outlays and subsequently prices to an extent which no refinements of traditional hardware components can match.

Owing to their high utility in consumption at a lower cost, they must supersede traditional products, services and hardware components. Thus with the introduction of individual electric drive mechanical transmissions were superseded entirely, steam engines were replaced by diesel locomotives, all calculating equipment by a system of electronic devices and so forth.

Currently the possible replacement of traditional engineering systems by fundamentally new ones is manifesting the ascent of the S&T revolution to a higher level. It is characterized by the creation of techniques and hardware components intended for the purposeful control of the microstructure of a substance. Among such directions in technical development are the controlled use of the flow of thermal and, in the future, fast neutrons; electron and many other types of radiation, particularly the use of the possibilities of the increased stimulated emission of light (lasers); control of the flow of electrons in semiconductors (which is the basis of the so-called "information" processes); control on new scientific principles of the crystalline structure of metals; control of the composition of molecules and their spatial architecture; creation of synthetic catalysts whose application is close to the action of natural enzymes; the building of organometallic macromolecules; and so forth. Also pertaining to microtechnology are numerous methods of transforming action on living organisms and the use of processes of their vital activity as basic means of production. Great significance will evidently be attached at the new level of the S&T revolution to biomimetics (imitation of nature), particularly in such manifestations thereof as membranology, photosynthesis, bacterial synthesis of nitrogen and such. The future belongs to all these directions.

The fundamentally new technical and technological solutions are ultimately leading to a sharp increase in economic efficiency.

The appearance of the first integrated circuits (with a very small degree of integration--less than 10 bits of memory per chip) led to a lowering of the cost of components and assembly tenfold (compared with assemblies from discrete transistor, resistor and other components). Integrated circuits have now reached a high degree of perfection. Sixteen- and 32-bit circuits are being manufactured, 64-bit circuits are being prepared for mass manufacture and even more complex circuits are being developed. Essentially one miniature chip can accommodate all the components making it a full-fledged electronic computer capable of performing manifold operations. The cost of a single-chip electronic computer is approximately 1,000 times less than discrete assembly.*

* See VOPROSY EKONOMIKI No 5, 1982, pp 46-49.

K. Marx even spoke of the multiple growth of labor productivity which occurs upon the introduction of nontraditional hardware components. Touching on a revolutionary technical achievement of his time, he made the following calculation: "...The steam engine attached to the steam-powered plow does in 1 hour for 3 pence or one-fourth of a shilling as much work as 66 men for 15 shillings an hour."*

Both the modern example of the production of integrated circuits and the example of K. Marx's time indicate that fundamental technical innovations are capable of providing for the effective satisfaction of requirements and fundamentally changing the level of social (aggregate) labor productivity, and not by 20-30 percent but by several orders of magnitude, what is more.

But, as already mentioned, the creation of fundamentally new hardware components takes big outlays and a long time. We recall the example of the almost 40-year road traveled by the electronic computer and control devices, from the first tube machine to the modern single-chip multifunction microprocessors. In addition, the application of fundamentally new hardware components usually gives rise to the need for radical changes in the entire set of engineering devices. This brings about a reorganization of the entire fixed production capital. It represents, as a rule, an integral system, and individual innovations often require a complete change thereof. In particular, for this reason fundamentally new equipment and technology make to the greatest extent for the creation of new enterprises and are introduced to old enterprises only with difficulty.

Additional time is needed for the introduction and dissemination of fundamentally new equipment for its qualitative development. It is rarely "born" ready to tackle all the consumer and production tasks confronting it. Realizing a new principle in their basic manifestations, the majority of technical innovations are usually based in the first modifications on a limited selection of products or, in any event, suffer from insufficient versatility. It is only after production verification that modifications corresponding to the plenitude of demands are created.

Finally, provision of the new technology with a whole number of supplementary auxiliary components, without which the majority of innovations cannot work, is extraordinarily important. Turning once again to the example of electronic equipment, it should be pointed out that it has to have peripheral devices and specially formulated programs.

Thus fundamentally new designs require tremendous forces and complex work which is centrally controlled. The Apollo program may serve as an example.

The system of the so-called program-goal management of the preparation of large-scale S&T innovations has been operating for a long time in the United States. This system has been described in our literature.** The purpose of it is to have this coordinating center or the other allocating work among a multitude of private contractors, linking the timeframes in which each performs its part of the work and arranging the results in a final whole.

* K. Marx and F. Engels, "Works," vol 23, p 403.

** See for more detail Ye.A. Lebedev and P.A. Nedotko, "The Program-Goal Approach to Scientific Research in the United States," Moscow, 1980.

In completing the characterization of the problems connected with fundamentally new technology it should be noted that its practical embodiment requires, in turn, completely new equipment and materials. Currently it has become obvious that a priority task in this connection has proven to be the creation of a supercomputer.

A multitude of new S&T solutions which were not to hand and which were not even developed in the preceding types of computers is essential. Not to mention a speed (several billion operations per second) not attained previously and a new architectural design providing for the combination of the scalar and vector components, the supercomputer must have superlarge storage units, will require microprocessors of a new type (not only the already manufactured gallium arsenide types but also those based on surface-acoustic waves and a number of others), has to be protected against radiation and so forth.

The supercomputer is needed particularly for infography--the automated design and graphic representation of intricate machine systems, particularly for the design of superintricate integrated circuits and the compilation of programs for them, the design of space equipment and control thereof and so forth.

The problem of new materials becomes particularly serious in connection with the creation of fundamentally new technology. Almost all new technology needs very rare and costly materials or materials which are absent in nature. Fundamental research is geared to the invention of so-called composites, particularly strong carbon fibers (the manufacture of which is becoming a most rapidly developing industry), vitreous steel, metal ceramics and such. The task of the development of industrial materials from all-purpose raw material (oxides) has become urgent.

Despite their social significance, the accomplishment of these tasks in the United States has been monopolized by the military department, is being financed and serves the goals of the creation of new types of weapons. Not only engineering studies but also fundamental research are being conducted for this. The majority of it is becoming a part of the plans for SDI ("star wars").

Afraid of lagging behind the United States, the major West European countries have created the inter-nation EUREKA project, which plans the development of scientific subjects close to those of the Americans. This amalgamation does not so much guarantee the possibility of competition with the United States as participation in its arms plans. Japan is posing the same tasks.

At the present time West Europe and Japan, as the United States' rivals on the world commodity markets, are keeping a close watch on the course of technical progress in the United States. Japan systematically compares the quality of its own and American industrial products and processes. At the end of 1982 Japan's Industrial-Engineering Chamber conducted a comparative analysis with respect to 43 processes in 37 industrial sectors. The evaluation was conducted in respect of 159 parameters reflecting the "level of key technology". The biggest lag behind the United States proved to be in the development and production of fundamentally new types of products and techniques based on fundamental research; 18 of the 22 sectors surveyed lagged behind. As far as less innovative facilities were concerned, 28 percent of their parameters were at an equal technical level, 16 percent lagged behind and 25 percent surpassed the American level.

It can be seen from these data that even now, when the first form of technical progress is still of predominant significance, in the United States, nonetheless, the second form also, based on fundamental scientific research, is outpacing other Western countries and Japan. The Western countries' fears that they could lag even further behind the United States are not without foundation.

The United States' S&T leadership in the capitalist world is brought about to a considerable extent by the availability of well-trained scientific-engineering personnel. It was observed long since that it is easier to make a discovery than to understand its practical significance and find opportunities to use it for technical innovations. But in order for engineers to be able to find in purely scientific discoveries possibilities of the appearance of fundamentally new equipment and to creatively develop it, applying the plenitude of modern knowhow, engineering education has to be of a highly specific nature. The training of engineers in the United States once amounted basically to the teaching of calculations and methods capable of finding direct practical application in the control of narrowly differentiated sectors of a certain technology and of traditional engineering processes. In the course of the S&T revolution such a system of teaching had to be abandoned. Currently engineers being trained for creative work acquire a predominantly general theoretical education providing them with solid working knowledge of the current state of the fundamental sciences in respect of a relatively extensive profile. Great attention is paid to the mathematical sciences, applied particularly, the mastery of which is geared to the use of mathematical modeling. An adequate idea of the connection of the bordering areas of sciences of a differing nature is provided also. Much importance for the modern engineer is attached to economic knowledge. For the consumer, as for the manufacturer also, the technical aspect of an innovation is virtually a matter of indifference. It is important only that it prove useful (beneficial) in consumption and profitable in manufacture. For this reason the project assignment issued a designer is the preset price limit of the hardware component being built and its economic efficiency (utility) in consumption. It is the engineer's task to find designs by means of which this assignment may be accomplished.

Labs of the United States' higher educational institutions participate in the most important part of the scientific activity performed in the country, namely, in fundamental research. The students selected for the creative solution of questions of new technology work in these laboratories for at least 2 years.

Trained theoretically to the extent that they can independently analyze any practical situation, the engineers, when joining major enterprises, undergo additional training with reference to the specialty of these enterprises. As a result they are capable of suggesting nontraditional technical solutions. The creation of photolithographic planar technology for the production of computer chips in the Intel firm may serve as an example. Well acquainted with the theoretical physics of single-chip semiconductors, the firms' engineers were also knowledgeable in the sphere of chemistry, optics and so forth. A fundamentally new engineering concept appeared on the basis of this knowledge, rapidly becoming a generally recognized method of computer chip manufacture.

As is known, no productive force (other than manpower) may be used as such without its mastery by human labor. So science also becomes a productive force when it is mastered by a specially trained person. American capitalism has understood this and assimilated it in practice. Despite the tight budget restrictions, spending on education in the United States is nonetheless more than double that on all research activity.

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"Mirovaya ekonomika i mezhdunarodnye otnosheniya", 1986

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MONGOLIAN ECONOMIC INTEGRATION INTO CEMA DESCRIBED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 86 (signed to press 13 Jun 86) pp74-82

[Article by Sh. Zhumdaan (MPR): "65 Years of the Victory of the People's Revolution in Mongolia"]

[Excerpt] By the start of the 1960's people's Mongolia had reached new frontiers of development--the period of completion of the building of socialism. The basic goals and tasks and main directions of this period were determined in the new party program adopted at its 15th congress (1966). A characteristic singularity of this period was the fact that the MPR developed under the conditions of the dynamic growth of the economies of the socialist community countries and the intensification of economic integration within the CEMA framework. In June 1962 the MPR was the first non-European socialist country to become a member of CEMA. This step, which was dictated by national and international interests, imparted new impetus to Mongolia's economic development.

As the party program emphasized, the main task of the MPR was completion of the creation in the optimum complex of the material-technical base of socialism by way of the country's further industrialization, an improvement of socialist social relations and the communist schooling of the working people. Mongolia was in the immediate future to become an industrial-agrarian country, achieve a rapprochement in economic development level with the European socialist countries and participate actively in the international socialist division of labor.

The process of the MPR's conversion from an agrarian-industrial into an industrial-agrarian country is proceeding successfully. From 1960 through 1984 the gross social product increased fourfold, national income threefold. In the structure of national income industry's share in 1984 constituted 32.3 percent compared with 14.6 percent in 1960. The indicator of the average annual industrial production growth rate, which since 1950 has amounted to 10 percent, is evidence of the economy's dynamic development. Large-scale industrial complexes in many parts of the country have been created and are developing successfully.

Big successes have been scored by the economy's most important sector--agriculture. Its gross product in 1960-1984 increased by a factor of 1.5, the plant-growing product threefold. The material-technical base of agriculture is reinforced and its efficiency increases from year to year. However, the current level of its development is no longer satisfying the country's increased requirements. The Special Program of the Development of Agriculture and Improvement of Food Supply to the MPR Population for the Period up to the Year 2000 was adopted in 1985 to ensure the steady growth of agrarian production and solve social problems of the countryside.

At the current stage considerable attention is being paid to capital construction. Total capital investments in the economy--an important indicator of economic development--in the period 1960-1984 increased by a factor of 7.8.

Importance for Mongolia with its vast territory (1.567 million square miles) and small population (1.866 million in 1984) is attached to the development and upgrading of the production and social infrastructure. A central power system has been created in the country (1967). As a result of the development of rail transport its share of freight turnover grew from 37.4 percent in 1950 to 73.5 percent in 1984. A trolleybus line is being constructed in Ulaanbaatar. Less than 20 years after the inauguration of national television 60 percent of Mongolian homes watches television programs.

The fundamental transformations in the economy are being accompanied by appreciable changes in the socio-class structure of society. The role of the working class is growing: in 1981 workers and employees (together with family members) constituted more than 60 percent of the population, workers constituting over 40 percent, whereas in 1963 the figures had been 47 and 29 percent respectively. Thanks to the socialist transformations of agriculture, the herdsmen have become cooperative worker-peasants--the builders of the new life in the countryside. The numbers of the people's intelligentsia are increasing rapidly, and the significance of its creative activity in socialist building is rising. The number of specialists with higher and secondary education in the economy grew by a factor of 2.5 in the period 1970-1983.

The successes and achievements in the creation of the material-technical base of socialism serve as a firm foundation for the growth of the material well-being and cultural level of the working people and realization of the party's program tasks in the sphere of education, health care and social-everyday service. Real income per capita increased twofold from 1960 through 1984, the amount of the social consumption funds sixfold and the pensions and benefits therefrom 14-fold. The volume of housing construction grew by a factor of 2.7, and state and cooperative housing fivefold.

The extension of the socialist cultural revolution is contributing to the further stimulation and enrichment of the spiritual life of society and the establishment of the socialist way of life. Mongolian culture--national in form, socialist in content and international in nature--is developing successfully. The number of educational and cultural-schooling establishments is growing, and their physical plant is being reinforced.

In terms of the numbers of students and trainees in general schools and secondary specialized educational institutions and secondary specialized and higher educational institution graduates per 10,000 of the population and also in terms of the number of doctors and hospital beds per 10,000 of the population the MPR is in a median position among the CEMA countries, and in terms of certain indicators at a higher level. General 8-year tuition extends to all children of school age. One out of every four inhabitants of the country is being taught currently.

The physical plant of the research establishments and their provision with personnel are being reinforced, and the range of scientific research and cooperation with the fraternal countries in this sphere is expanding, which is producing big results in the development of the productive forces. The number of research establishments and scientific officers in the MPR increased fourfold and twofold respectively from 1970 through 1983.

Great attention is paid to the maximum use of intrinsic potential and production capacity, economies in raw material and resources and an increase in social labor productivity and the efficiency and quality of work in all sectors and at all levels of the economy. Economic experiments contributing to an improvement of planning and the economic mechanism are being implemented in a number of sectors for the accomplishment of these tasks. A master outline of the development and location of the MPR's productive forces up to 1990 and the year 2000 and special programs for the solution of key problems of the country's development have been elaborated for the purpose of an improvement in the scientific substantiation of national economic planning.

Other pressing problems include satisfaction of the growing vital requirements of different social groups and strata of the population; the growth of the social assertiveness and the creative, constructive activity of the working people; an enhancement of the role of the labor collectives and each member of society in all walks of life. All this ultimately means an enhancement of the role of the human factor--the main productive force of society. As J. Batmonh, general secretary of the MPRP Central Committee and chairman of the MPR Great People's Hural Presidium, observed at the MPRP Central Committee 11th Plenum (1985), "the all-around strengthening of discipline, order and organization is the main condition of an acceleration of the country's economic and social development and the successful realization of plan tasks."*

For the full use of national economic potential and an acceleration of S&T progress the party is performing a great deal of political-educational work and implementing important economic-organizational measures to consolidate positive experience and remove in various spheres of life the negative phenomena impeding forward progress.

The real successes and achievements in Mongolia's socioeconomic development in the period of completion of the building of socialism and the MPRP's peaceable foreign policy strengthened even further the country's positions in the

* NOVOSTI MONGOLII, 6 December 1985.

international arena. Particular attention is being paid in foreign economic activity to all-around cooperation with the Soviet Union and the other fraternal countries and active participation in socialist economic integration. The MPRP program emphasizes that the party "will continue to consistently pursue a policy of the utmost development of the firm all-around cooperation and comradely mutual assistance of the peoples of the socialist countries in all spheres of the material and spiritual life of society."

The task of an acceleration of economic development and formation of the national economic complex and a rise in the level of economic development has two aspects for the MPR--internal and external. The internal aspect means the maximum mobilization and efficient use of intrinsic resources and efforts. The external aspect means the international socialist division of labor and use of the benefits granted by the fraternal CEMA countries in the process of economic cooperation.

In many CEMA documents--the Comprehensive Program of the Development of the CEMA Countries' Socialist Economic Integration (1971), the Comprehensive Program of the CEMA Countries' S&T Progress up to the Year 2000 (1985) and others--the socialist countries have expressed their readiness to continue assistance to the MPR for the purpose of an acceleration of the development and the increased efficiency of its economy.

Direct neighborhood and comprehensive fraternal cooperation with the Soviet Union have exerted and continue to exert a decisive influence on the MPR's socioeconomic development and the process of formation of the optimum structure of its national economic complex. More than 600 different economic facilities have been built in the past 25 years with the USSR's technical-economic assistance.*

Now more than 50 percent of the gross industrial product, including 95 percent of electric and thermal power, 81 percent of coal, 100 percent of copper-molybdenum concentrate and washed wool, more than 90 percent of meal and formula food and over 70 percent of construction materials are produced at enterprises built with the Soviet Union's assistance.** The USSR supplies over 90 percent of the machinery and equipment, 100 percent of petroleum products and 70 percent of the consumer goods imported by the MPR. The USSR accounts for roughly 85 percent of the country's foreign trade turnover. The bulk of the export deliveries of raw material of animal extraction, commodities which have undergone industrial processing and finished products from the MPR goes to the Soviet Union.

From year to year cooperation with the Soviet Union and the other fraternal countries is expanding and deepening and being enriched by fruitful new forms and methods. Striking testimony to this are the construction and functioning of such joint enterprises as the "Erdenet" Mongolian-Soviet Mining-Concentrating Works (1973), the "Mongolsovtsvetmet" Business Association (1973), the "Ulaanbaatar Railroad" Mongolian-Soviet Joint-Stock Company (1949) and the

* EKONOMICHESKAYA GAZETA No 37, 1985, pp 13-14.

** NAMYM AMDRAL No 11, 1984, p 49; UNEN, 14 November 1984.

"Mongolbolgarmetall" (1980) and the creation of an international geological expedition (1976) on MPR territory for the exploration for and enlistment of a number of important minerals in economic use. The economic cooperation and technical-economic assistance of the Soviet Union are also exercised in the form of the construction of "turnkey" business and cultural-everyday facilities. Direct ties exist between our countries' ministries, departments, industrial and scientific establishments and party, social and cultural organizations.

All-around cooperation is developing successfully and fruitfully with the European CEMA countries also. Thus Hungary is assisting the development of garment, meat and microbiological industry and hydraulic engineering; the GDR in the development of meat, carpet, mining and printing industry and dairy farming; Bulgaria, fur and meat industry, construction materials industry and hothouse farming; Poland, construction materials industry and hothouse farming; Poland, construction materials industry and wood-processing industry and its repair depot; and the CSSR, leather-footwear and cement industry. Approximately 750 national economic facilities have been commissioned in Mongolia with the CEMA countries' technical-economic assistance.*

The development and extension of cooperation with the socialist countries are exerting an appreciable influence on the formation of the country's national economic complex and S&T potential and stimulating its participation in the international socialist division of labor. The modern types and forms of cooperation are also an excellent school of study and introduction of the experience of the Soviet Union and the other countries. They are of importance for raising the working people in a spirit of socialist internationalism, fraternal friendship and comradely mutual assistance.

Thus, for example, the giant of Mongolian industry, the "Erdenet" Works, produces 82.4 percent of the mining industry product and caters for 30 percent of the country's exports. Major enterprises, carpet factories, a food works, hothouse facilities and a dairy-vegetable-growing state farm have been built and a wood-processing works and other facilities are being installed in the city of Erdenet. It is also a forge of personnel and the center of the training of workers and engineering-technical personnel for many new sectors of the country's economy.

The consistent and plan-oriented concerted policy of the CPSU and the MPRP is contributing to a further intensification and the increased efficiency of the all-around cooperation of the two countries corresponding to our people's fundamental national and international interests. The signing of the Long-Term Program of the Development of Economic and S&T Cooperation Between the MPR and the USSR for the Period up to the Year 2000 (August 1985) represented a qualitatively new stage of Mongolian-Soviet mutual relations proceeding from the decisions of the top-level economic conference (1984). Similar programs have been signed with Bulgaria and the CSSR.

* See PROBLEMY MIRA I SOTSIALIZMA No 2, 1986, p 61.

The main goal of the long-term cooperation between the MPR and the USSR is, as the Long-Term Program emphasizes, "aimed at solution of the key problems of the development of the Mongolian economy and a refinement of its structure and a rise in the material and cultural living standard of the Mongolian people." In the period 1986-1990 the volume of the economic and S&T cooperation of the USSR and Mongolia will increase by a factor of approximately 1.2; it is planned building 420 different facilities, the 80 biggest and most complex of which by Soviet construction organizations.* A comprehensive program of Mongolia's S&T progress for the next 15-20 years will be drawn up jointly.

"Mongolian and Soviet communists," J. Batmonh said at the 27th CPSU Congress, "are bound together forever by unity of ideals and goals in joint struggle. Our peoples are united by the indissoluble community of historical destiny. This constitutes the firm foundation of our traditional fraternal friendship. Being true to it means, abiding by the behests of the great Lenin and Suhbator, leader of the Mongolian people's revolution, constantly strengthening the internationalist relations between our parties, countries and peoples.

"This precisely has been and continues to be the conduct of many generations of Mongolian and Soviet communists and the peoples of our countries. The creative force of our friendship, which we see as an effective guarantee of the burgeoning of socialist Mongolia and its free and independent development, is great for this reason."

During a friendly meeting with J. Batmonh on 29 August 1985 in Moscow M.S. Gorbachev, general secretary of the CPSU Central Committee, characterized thus the relations between the two countries: "The close cooperation bequeathed us by the great Lenin and Suhbator, leader of the Mongolian revolution, is developing unswervingly in line of ascent. It now encompasses literally all spheres of life. A characteristic feature of Soviet-Mongolian relations at the present stage is the fact that the broadest working strata united by an understanding of the community of historical destiny of our peoples and feelings of mutual liking and respect are participating in them."

The 19th MPRP Congress was held this May in an atmosphere of the tremendous political and labor enthusiasm of the country's communists and working people. The congress summed up the work of the party and people in the period under review and determined the course of domestic and foreign policy for the coming years.

J. Batmonh, general secretary of the MPRP Central Committee, said in the MPRP Central Committee report to the party congress: "Our people's achievements in building a new life are undoubtedly tremendous. But we are confronted with tasks far exceeding the frontiers which have been reached. The party sees as its duty, realizing constantly its program plans, scaling new heights in the country's socioeconomic development and a further upsurge of the people's well-being."

* UNEN, 15 January 1986.

The 19th MPRP Congress confirmed anew the resolve to continue to constantly develop interaction with the party of the great Lenin--the CPSU--and the other fraternal communist and workers parties and to strengthen solidarity with all who are advocating peace and social progress in the world.

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"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1986

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SURVEY OF WORLD EVENTS MARCH-JUNE 1986

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 86 (signed to press 13 Jun 86) pp 83-103

[V. Mashin international survey: "Current Problems of World Politics (8 March-13 June 1986)"]

[Text] Spring is usually called a time of hope. For millions of people in different parts of the world it is connected primarily with a peaceful future. And it was profoundly symbolic that in the very first days of spring powerful impetus was imparted to the struggle to avert the threat of war. The decisions of the 27th CPSU Congress provide a precise answer to the challenge facing mankind. The philosophy of peace and security formulated in the CPSU Central Committee Political Report to the congress combined with the program of specific actions in this direction afford it a real opportunity to greet the 21st century, having delivered itself of the threat of self-annihilation.

The USSR is not alone in the historic fight for life on earth. The militarist, aggressive circles of imperialism attempting to perpetuate the confrontation and spur the arms race are opposed by the tremendous potential of the forces of peace, reason and good will. A factor playing an exceptionally important part in a recovery of the international situation is the world socialist system. The new approach to current international problems was formulated in the process of collective discussions with our allies and friends. The CPSU is paying particular attention to the efficient interaction of all socialist countries and the world communist movement.

1. In Single Formation Toward the Common Goal

The present year occupies a special place in the life of the socialist community countries. It is a year of congresses of the ruling communist and workers parties of many fraternal states. The communists of Czechoslovakia, Bulgaria, the GDR and Mongolia held their congresses in the spring. A tremendous influence on the preparation and realization of the highest party forums was exerted by the 27th CPSU Congress, which showed them a creative, innovative approach to the solution of key problems of the present day.

The 17th CPCZ Congress was held from 24 through 28 March. The CPCZ Central Committee Political Report to the congress delivered by G. Husak, general secretary of the CPCZ Central Committee, analyzed the development of Czechoslovak society in the past 15 years and noted shortcomings and unutilized potential. A most important task of the CPCZ's domestic policy in the preceding period was refinement of the socialist social system and the political system of socialism. What has been achieved, the report emphasizes, convincingly refutes the prophesies of every conceivable enemy of Czechoslovakia asserting that it would be unable to find a way out of the shackles of the political crisis which had affected the country at the end of the 1960's. In the past 15 years of the post-crisis period the country's economic potential has grown and the people's living standard has risen considerably under the leadership of the CPCZ and thanks to the selfless labor of the Czechoslovak people and all-around cooperation with the fraternal states, primarily the Soviet Union. The gross national income has grown 80 percent, social labor productivity 70 percent. The increase in industrial production constituted 97 percent, agricultural production 34 percent.

The people's well-being rose on the basis of the upturn in the economy. The population's real income increased more than 50 percent. Over one-third of families acquired new apartments. A big part in the achievement of these results was played by the fulfillment of the quotas of the Seventh Five-Year Plan, when, despite the abrupt complication of foreign economic conditions, the dynamic development of the economy continued. The increase in national income in the past 5 years constituted 11 percent, social labor productivity 9 percent, industrial production 15 percent and agricultural production 10 percent.

Having made an objective evaluation of the achievements and having revealed shortcomings and unutilized potential, the congress of Czechoslovak communists charted a course of an acceleration of the country's socioeconomic development and an appreciable rise in labor productivity and the efficiency of the national economy. The acceleration program advances complex, but perfectly feasible tasks: in the coming 15 years national income is to grow by more than two-thirds given a simultaneous significant reduction in the material- and energy-intensiveness of production. Prior to the year 2000 it is contemplated reducing the proportion of energy consumption in creation of national income by one-third and of ferrous metals by 40-50 percent. Social labor productivity is to rise by almost two-thirds. It is thus planned to reach the reference points of the development of the Czechoslovak economy which were determined in the Guidelines of the CSSR's Economic and Social Development in 1986-1990 and the Period up to the Year 2000.

The aim of an acceleration of socioeconomic development also imbues the decisions of the 13th Bulgarian CP Congress, which was held at the start of April. The period which preceded the congress has passed under the sign of mobilization of the communists for the solution of fundamental problems of an intensification of production, an acceleration of S&T progress, realization of the party's social policy and the assertion of a Leninist leadership style. The party documents observed that it was a question primarily of elimination of planning miscalculations and a certain disproportion in the development of the economy, which had made for the still insufficient efficiency of social production and the low quality of output. There was a considerable

reorganization in the upper echelons of management. There were changes in the structure and number of ministries and an appreciable replacement of higher and middle-tier party personnel.

A creative, businesslike mood distinguished the work of the congress also. A speech expounding fundamental questions of party policy pertaining to the continued building of the developed socialist society in the country and its foreign policy activity was delivered by T. Zhivkov, general secretary of the Bulgarian CP Central Committee. Having made a summary evaluation of the preceding period, he declared that "despite the difficulties brought on not only by the complexity of the problems which we were tackling but also our mistakes and shortcomings, this period was fruitful." Bulgaria has achieved a high and stable economic growth rate in the past 30 years. From 1956 through 1985 the value of the fixed capital in the national economy increased tenfold, social labor productivity by a factor of 8.4 and national income 8-fold. Profound changes have occurred in the structure of industry. Such important sectors for the country's economy as metallurgy, machine building, chemical industry and power engineering are developing at a preferential pace. A high rate of development is characteristic of electronics, microelectronics, robot building and the production of storage-battery trucks. The level of the people's education and culture has risen sharply.

Large-scale tasks have been set for the future also. The congress determined the main directions of the development of Bulgaria's economy, science and culture for the Ninth Five-Year Plan and up to the year 2000. The party considers the main thing today the accomplishment of an S&T revolution, which will permit fuller use of the advantages of the socialist system.

The results and prospects of the building of the developed socialist society were also discussed at the 11th SED Congress, which was held from 17 through 21 April in Berlin. The congress discussed the SED Central Committee report delivered by E. Honecker, general secretary of the SED Central Committee, and the draft directives for the 1986-1990 five-year plan of development of the national economy.

As can be seen from the report, in the period following the preceding congress the republic continued to develop as a politically stable socialist state with a highly efficient economy. In the period 1981-1985 the GDR produced national income of the order of 1.087 trillion Marks. The improvement of qualitative factors of economic growth made it possible to obtain more than 90 percent of the increase in national income thanks to increased labor productivity. High indicators were achieved in industry: three-fourths of the increase in national income were obtained here. Impressive results were scored by agriculture also. The average annual cereals yield in the 5-year period constituted 45.4 quintals per hectare. The growth of production ensured an upsurge of the working people's material and cultural living standard. Approximately 2.4 million apartments were built or modernized in 15 years. Some 7.2 million persons acquired new accommodation.

Taking what has been achieved as the basis, the congress adopted a large-scale program for the coming years. In the current 5-year period it is planned obtaining a national income of 1.3 billion Marks, which corresponds to an

increase therein of 24-26 percent, and the growth of labor productivity and manufacture of the net product in industry is to constitute 49-51 percent. It is planned modernizing 1.2-1.3 million jobs on the basis of modern achievements of science and technology. It is intended annually reducing the specific consumption of national economically important types of raw material and intermediate products 4 percent, and energy carriers 3.3 percent.

At the center of the SED's social policy remains work to improve the population's housing conditions. By 1990 it is contemplated having built, modernized and remodeled a total of 1 million apartments. The increase in the population's real income in the new 5-year plan will constitute 20-23 percent. Evaluating the prospects outlined by the 11th SED Congress, M.S. Gorbachev declared from its rostrum: "Your plans are large-scale, but practicable for they are based on the substantial results achieved both throughout the history of the existence of the republic as a whole and in recent years."

The dynamism of socialist society and its tremendous vitality were also graphically demonstrated by the 19th MPRP Congress, which was held at the end of May. The MPRP Central Committee report to the congress delivered by J. Batmonh, general secretary of the MPRP Central Committee, noted the republic's considerable achievements in the past 5-year period.

The national economy's fixed capital increased by a factor of 1.7, and in industry twofold. National income grew 37 percent, and approximately four-fifths of the increase therein, what is more, was secured thanks to increased labor productivity. Real income per capita increased 12 percent, and the working people's housing conditions are being improved. The network of medical establishments has been extended. Science, culture, art and literature are developing successfully.

At the same time the congress emphasized that the level which has been reached in production of the gross social product and per capita national income, labor productivity and other basic economic indicators is still considerably lower than in the highly developed socialist countries. To reduce the current gap it is essential to speed up the rate of socioeconomic progress and increase social production efficiency on the basis of mobilization of the national economy's intrinsic potential and active participation in the international socialist division of labor. All-around rapprochement with the Soviet Union and the other socialist community countries is the arterial course to which the MPRP invariably adheres in the sphere of foreign economic relations, the leader of the Mongolian communists declared.

Socialist practice testifies convincingly that the combination of the forces of the fraternal states imparts considerable driving impetus to the development of each of them and the community as a whole. Today relations between its members are characterized by increased dynamism, comradely candor and great coordination and purposefulness. Definite confirmation of this was the friendly working visit to the USSR by N. Ceausescu, general secretary of the Romanian CP and president of Romania, which took place in the middle of May. The Long-Term Program of Development of Economic and S&T Cooperation Between the USSR and Romania for the Period up to the Year 2000 and also a program of the two countries' cultural and scientific cooperation for 1986-1990 were signed in the course of the visit.

The fraternal states are now entering a period when their interaction should be raised to a higher level. And, furthermore, M.S. Gorbachev emphasized when speaking in Berlin, "not by one-two points but, as the mathematicians say, by a whole order of magnitude." The main task of the present stage of economic cooperation is an acceleration of S&T progress and an intensification of production cooperation, primarily in machine building. These questions are moving to the fore in the activity of various CEMA bodies.

The session of the CEMA Committee for Cooperation in the Sphere of Machine Building held 19-20 March in Budapest was, *inter alia*, devoted to a discussion thereof. It confirmed the work plan of the coordination council pertaining to flexible production systems and industrial robots in 1986-1987. A master agreement on cooperation and the construction on USSR territory of a plant for the production of road-building machinery and an agreement on the charter of the international "Interrobot" Science-Production Association were signed.

Increasingly great significance is now attached to direct ties between research organizations and associations and enterprises of the community countries. This is the lever with which it is possible to overcome the continuing unwarranted parallelism in the production of many types of products and the overconsumption of material and human resources and create a new, more efficient integration mechanism. Questions of the development of direct ties occupied an important place at a session of the CEMA Executive Committee at the end of May. Its participants emphasized the need for the creation of favorable economic and organizational-legal conditions of progressive forms of cooperation.

Growing interaction also distinguishes the fraternal states' relations in the foreign policy sphere. In the course of regular meetings their leaders coordinate joint strategy in the international arena. There was a meeting 10-11 June in Budapest of the Warsaw Pact Political Consultative Committee. Its participants exchanged opinions on the situation in Europe and the world as a whole and discussed urgent tasks of the struggle for disarmament, a reorganization of international relations, the strengthening of European and general security and the development of cooperation between countries.

Having analyzed the current situation, the top leaders of the Warsaw Pact states concluded: "The world has entered a phase of its development when evading the solution of fundamental questions of the present day means gambling with the fate of all civilization." Under these conditions, the documents adopted at the Political Consultative Conference emphasize, decisive actions and specific measures aimed at halting the arms race, switching to actual disarmament and removing the military threat are needed more than ever.

Having expressed readiness for the broadest interaction with other countries in the achievement of these goals, the Warsaw Pact states called for a pooling of efforts in the following fields:

a halt to nuclear tests, which would be a major and at the same time easily accomplished step toward nuclear disarmament (in this connection the conferees called on the United States to associate itself with the USSR's newly extended unilateral moratorium and proposed that the other states which possess nuclear weapons cease nuclear tests and contribute to the speediest achievement of an agreement on an all-embracing ban thereon);

complete liquidation on a reciprocal basis of Soviet and American intermediate-range missiles in the European zone with the understanding that Britain and France would not increase the corresponding nuclear arms and the United States transfer its missiles--strategic and intermediate-range--to other countries;

the achievement of specific accords on the Soviet-American negotiations on nuclear and space-based arms which would take account of the interests of both sides and all other states;

the liquidation this century even of such weapons of mass destruction as chemical weapons and also the industrial base for their manufacture;

an appreciable reduction in armed forces and conventional arms at the global and regional levels;

exercise of effective supervision in all spheres and at all stages of arms reduction and disarmament with the use of both national technical means and international procedures, as far as on-site inspection.

The participants in the Political Consultative Conference adopted an appeal to the NATO states and all European countries containing a program of a reduction in armed forces and conventional arms in Europe. It contains specific proposals concerning a significant reduction in all components of ground forces, tactical aviation and tactical nuclear arms with a range (effective radius) of up to 1,000 km of the European states and also the United States and Canada deployed on the territory of all of Europe (from the Atlantic to the Urals).

The program put forward by the socialist states provides as an initial step for a one-time mutual reduction over a period of 1-2 years in the number troops of the members of the opposed military-political alliances of 100,000-150,000 men per side. Given the readiness of the NATO states, this could be followed by further significant reductions, as a result of which the armies and tactical strike aviation of both alliances in Europe would have been reduced by approximately 25 percent compared with the present level at the start of the 1990's. Such a reduction would constitute over 500,000 men per side. The allied socialist states advocate the process of the reduction of the armed forces and arms of both sides continuing. This would make possible the incorporation of other European countries therein.

The Warsaw Pact states' proposals envisage the need for the formulation of a certain procedure of the reduction of armed forces and conventional arms which would contribute to a lessening of the danger of surprise attack and the consolidation of military-strategic stability on the continent. It is proposed for this purpose reaching agreement on a significant reduction in the concentration of forces along the line of contact of the military-political alliances and also on the implementation of a number of other confidence-building measures. The reductions in armed forces and conventional arms should be carried out under reliable and effective supervision. On-site supervision could, where necessary, be exercised with the enlistment of members of a specially established international consultative commission which would include representatives of NATO and Warsaw Pact countries and also interested neutral and nonaligned and other European states.

Relations between the two military-political alliances are largely capable of predetermining the course of world events. And not only in Europe, where they confront one another directly. This applies equally to the Asia-Pacific region also. Important processes are occurring here which cannot fail to affect the interests of the Soviet Union, as a major Asian and Pacific power, and its friends and allies and the interests of international peace and security. Calls have been heard increasingly often from the American side in recent months for the creation of some "Pacific community," which could in the future be transformed into an exclusive regional grouping and one further militarist bloc.

Under these conditions the Soviet Union deemed it necessary to set forth its position--an explanation of certain previous and also new proposals. The corresponding Soviet Government statement was issued on 24 April. "Approaching the potential participants in a 'Pacific community' with the highest degree of selectivity," it says, "its initiators are manifestly not displaying concern for the planned organization to truly be a representative forum for the discussion and solution of the region's long-urgent economic problems and also a change in the current unequal structure of interstate trade-economic relations therein."

The Soviet Union proposed by means of bilateral and multilateral consultations a solution of contentious issues, better mutual understanding and a strengthening of trust between countries of the region. This would contribute to the creation of the prerequisites for an all-Asia forum for the purpose of a joint quest for constructive solutions, as, equally, a separate conference of Pacific countries on questions of security, economic included. A stabilizing role could be performed here by the reduced activeness of the navies in the Pacific. The statement supports the idea of the creation of nuclear-free zones in the region. The USSR also proposed the start of a wide-ranging exchange of opinions among all interested countries of this part of the world on questions of the establishment of equal, mutually profitable and stable trade-economic, technological, scientific and cultural cooperation.

The Soviet Union's comprehensive, gradual approach to a solution of the region's problems is in keeping with the initiatives of other states located here, particularly the idea put forward by the MPR of the conclusion of a convention on mutual nonaggression and nonuse of force in relations between Asian and Pacific countries. The Soviet concept of security in the region also contains the well-known proposals of Vietnam, Laos and Cambodia aimed at converting Southeast Asia into a zone of peace, stability and cooperation. Importance is attached to the DPRK's initiative for an improvement of the situation on the Korean peninsula and its conversion into a zone free of nuclear weapons.

A substantial part in the establishment of good-neighbor relations in the Asia-Pacific region could also be played by socialist China. The 27th CPSU Congress noted with satisfaction a certain improvement in the USSR's relations with the PRC. Particularly pronounced changes have occurred in the sphere of economic relations. The results of the first session of the Soviet-Chinese Economic, Trade and S&T Cooperation Commission in April, in particular, testify to this. The sides noted the continuous development of trade-economic relations

between the two states in recent years and their transfer to a long-term planning basis. Whereas in 1983 the volume of reciprocal trade amounted to R490 million, in 1985 it was in excess of R1.6 billion. In accordance with the Agreement on Commodity Turnover and Payments in 1986-1990 (the first time that such an agreement had been signed, incidentally), commodity turnover in the 5-year period will constitute R12 billion. In 1990 it is intended having raised it to approximately R2 billion.

A further growth of border trade is envisaged. Trade relations between Khabarovsk and Maritime krays and also Amur and Chita oblasts on the Soviet side and Heilongjiang Province and the Inner Mongolia Autonomous Region on the Chinese side have been resumed. In addition, agreement has been reached on trade between the Soviet Central Asian republics and Kazakhstan and certain oblasts of the RSFSR and the PRC's Xinjiang-Uighur Autonomous Region.

The results of the eighth round of Soviet-Chinese political consultations held from 7 through 14 April in Moscow testify to the aspiration of both states to a further improvement and development of relations in the political, economic, S&T, cultural and other spheres. On 14 April Qian Qichen, special Chinese Government representative at the consultations and PRC deputy foreign minister, was received by E.A. Shevardnadze, member of the CPSU Central Committee Politburo and USSR foreign minister. As mentioned during the meeting, despite the differences in approach of the USSR and the PRC to certain international problems and countries, the interests of the two states objectively coincide when it is a question of the struggle for peace and socialism, against the threat of nuclear war and the arms race and, in particular, against its transference to outer space. Both sides expressed the certainty that a considerable contribution to an improvement of political relations between the two countries could be made by the further development of contacts and relations, as far as a high-level meeting.

In China itself a rebuilding of the economic system is under way currently. Delivering at the Sixth All-China Assembly of People's Representatives (ACAPR) Fourth Session the report on the draft Seventh Five-Year Plan of the PRC's Economic and Social Development (1986-1990), Zhao Ziyang, premier of the PRC State Council, declared that in the present 5-year period or the longer term it would be necessary "to lay the foundations of a new type of socialist economic system with specific Chinese features." Summing up the past 5-year plan, he reported that the average increase in the gross industrial and agricultural product constituted 11 percent. It had been possible to halt the decline in the revenue side of the budget and to balance income and expenditure in 1985. In this period the PRC used foreign investments in a total of \$10.3 billion. Some 469 large and mid-sized facilities were built in the PRC in the Sixth Five-Year Plan. Labor productivity in heavy industry grew almost 10 percent, in light industry 3.4 percent. There was a marked rise in the working people's material well-being. Thus whereas in 1980 the average annual wage of workers and employees constituted 762 yuan, in 1985 it amounted to 1,142 yuan.

At the same time, as is clear from the speeches at the ACAPR session, there are still many serious problems in the economy. They include the inordinate growth of capital investments, the unjustifiably high rate of development and low production efficiency. The problem of unemployment continues acute. The level thereof is 20-30 percent in the cities and in rural localities more than 30 percent of the independent population.

The session approved the basic indicators of the Seventh Five-Year Plan of the PRC's economic and social development. According to these, the value of the gross industrial and agricultural product will have doubled by 1990 compared with 1980. It is simultaneously planned to achieve a considerable rise in the quality and engineering level of manufactured products.

2. East-West: Justifying the Peoples' Hopes

The Soviet peace initiatives and the socialist countries' joint proposals are of a direct, honest and open nature. And those putting them forward have a right to expect the same unambiguous response. However, in past months the international community has, unfortunately, repeatedly witnessed a truly unambiguous, but, alas, manifestly negative response from the West. At best, Western capitals, primarily Washington, prefer to show political blindness. But more often than not the response has been actions directly contrary to the interests of peace and undermining the very foundations of international security.

As is known, in the summer of 1985 the Soviet Union took a step of extraordinary importance--announced that as of 6 August, the day of the Hiroshima tragedy, it was suspending all nuclear explosions both for military and peaceful purposes and called on the U.S. Government to follow its example. In response the United States carried out a routine nuclear test on 18 August. It was followed by others. The results of the Soviet-American Geneva meeting prompted the USSR to take one further step of good will--a 3-month extension of the unilateral Soviet moratorium was announced on 15 January 1986. There remained about a month to its expiry when the leaders of six countries--Argentina, India, Mexico, Tanzania, Sweden and Greece--appealed to M.S. Gorbachev and R. Reagan not to approve any nuclear tests prior to the next Soviet-American summit. The response of the USSR to the appeal of the leaders of the "six" was given on 14 March. Our country put forward a new initiative: "The Soviet Union will not carry out nuclear explosions even after 31 March--until the first nuclear explosion in the United States." On 22 March Washington carried out yet another nuclear test, thereby casting a demonstrative challenge not only at the USSR but the entire world community also.

The world observed with growing agitation this duel of sorts between bold initiative and senseless obduracy, the offer of an entry into a better tomorrow and an attempt to escape into the past and new political thinking and the decrepit mentality of the "from a position of strength" policy. After the nuclear explosion carried out by the United States and the announcement of a program of subsequent nuclear tests, hardly any unprejudiced person could reproach the Soviet Union with absence of a constructive approach to international affairs.

With its next "move" the Soviet Union proved for the umpteenth time that it is engaged in the international arena not in a search for propaganda successes but aspires to the achievement of actual results corresponding to the vital interests of peace. Even when this is attended by a certain risk to its security, furthermore. M.S. Gorbachev spoke on 29 March on Soviet television. "As far as our unilateral moratorium is concerned," the CPSU Central Committee general secretary declared, "I may say that it is, as before, in effect

through 31 March 1986. But even after this date, as announced, we will not carry out nuclear explosions if the United States behaves likewise. We once again give the U.S. Administration a chance to adopt the responsible decision--to halt nuclear explosions. Otherwise the Soviet Union will resume testing." The Soviet leader proposed meeting with U.S. President R. Reagan in the very near future to discuss the question of a suspension of nuclear tests.

The response of the U.S. Administration was unequivocal on this occasion also. On 29 March even the White House spurned the Soviet initiative, and nuclear explosions thundered forth in Nevada on 10 and 22 April. Attempting to justify its dangerous and irresponsible policy, Washington is resorting to all kinds of completely fraudulent arguments, the most popular of which are the assertions concerning the United States' "lag" in conducting nuclear tests in recent years and also the proposition concerning the "impossibility" of ensuring "reliable and effective supervision" of a suspension of such tests.

However, the facts testify to the reverse: according to data of the Stockholm Peace Research Institute, by the time of the Soviet Union's announcement of the moratorium the United States had carried out approximately one-third more nuclear explosions than the USSR, and 1.5 times more together with the West's other nuclear powers. In 1985 the United States carried out 18 nuclear explosions, the Soviet Union, on the other hand, only 9.

Nor do Washington's speculations around the problem of supervision withstand criticism. Both powers possess sophisticated national technical means capable of ensuring a high degree of reliability of verification that the other side is not violating its commitments. In addition, the United States and NATO have a tenfold numerical advantage over the USSR in terms of seismic stations. Adoption of the "Delhi Six's" proposal concerning assistance in verifying a suspension of nuclear explosions, including on-site inspections, could make supervision even more effective. The Soviet Union, for its part, expressed a readiness to make use of this proposal.

What, then, are the real reasons for such a negative attitude on the part of the U.S. Administration to the problem of prohibiting nuclear weapon tests? According to Western press reports, the Pentagon is currently implementing approximately 20 programs for the creation of new types of nuclear warheads, for the latest MX, Trident 2 and Midgetman ICBM's included, and aerial bombs for the new B-1B and Stealth strategic bombers. A large part of them is already at the proving ground testing stage. The nuclear tests are also directly connected with work on so-called "third generation" weapons, including X-ray and optical lasers, ultra high-speed nuclear weapons and railguns.

Thus the nuclear tests today are paving the way for an arms race in a qualitatively new sphere and leading to the creation of weapons for so-called "star wars" and will in the future undermine the foundations of the United States' own security. This is also understood in the United States itself. As public opinion polls testify, no less than 60 percent of Americans are in favor of a halt to nuclear tests. Resolutions in support of a moratorium have already been passed by the legislative assemblies of five states. Increasingly new cities are declaring themselves a zone free of nuclear weapons.

The United States' actions have forced the Soviet Union to absolve itself of its voluntarily adopted unilateral undertaking not to carry out any nuclear tests. However, considering the urgent nature of the question of a suspension of nuclear tests, the Soviet Union, as M.S. Gorbachev's response to the message of the leaders of Argentina, India, Mexico, Tanzania, Sweden and Greece issued on 3 May says in this connection, leaves in effect the proposal concerning a meeting in Europe as soon as possible especially on this issue. Such a meeting would not substitute for that on which the parties agreed in Geneva.

Addressing the 11th SED Congress in Berlin, M.S. Gorbachev announced new proposals of the USSR pertaining to a ban on chemical weapons. The corresponding document was submitted by the Soviet delegation at the Conference on Disarmament in Geneva on 22 March. The proposals put forward by our country stipulate that the destruction of chemical weapon stockpiles must begin by each state subscribing to the convention no later than 6 months and the destruction or dismantling of the facilities for their production no later than 1 year following the convention taking effect.

The new initiatives of the USSR and its allies facilitate the possibility of agreement being reached at the two important forums where East-West dialogue is being conducted--the Conference on Confidence-Building Measures and Security and Disarmament in Europe and the talks on a reduction in armed forces and arms in Central Europe.

The Stockholm Conference has entered the decisive phase of its work. The time is approaching when it will have to submit a report to the participants in the Conference on Security and Cooperation in Europe, whose representatives will gather in Vienna this fall. The date of the completion of the present stage is known also--19 September. Little time remains, but only the range of questions which shapes the contours of possible agreement has been determined as yet. It has been possible to agree on the first versions concerning the nonuse of force, notification of large-scale military exercises, an exchange of annual plans of military activity of which notice has to be given, the invitation of observers and such. But there are still many unsolved questions. And this is explained mainly by the unwillingness of the United States and its closest allies to take reciprocal steps toward the achievement of compromise. Take, for example, the proposal of socialist, neutral and nonaligned states on limiting the scale of military exercises to a level which would not entail the unwarranted fears of other countries. Its realization could play a big part in strengthening trust. However, the NATO countries are opposed to this proposal.

Nor has it been possible to make any kind of perceptible progress at the Vienna talks. It might have seemed that there would have been an improvement in the atmosphere at the talks after the socialist states submitted a new draft agreement on 20 February. But this was not the case, and it is still unclear whether the United States and its NATO allies wish to achieve an agreement. As before, the Western representatives are arbitrarily manipulating the question of verification measures. Simultaneously they are unjustifiably cutting back on the volume of measures pertaining to a real reduction in the level of military confrontation. Thus they have lowered the figures of the

original reductions to 11,500 men for the USSR and 5,000 for the United States. While the socialist countries are proposing a reduction in forces with their arms and military equipment, the West is categorically opposed to this. It is also turning down the proposal that the arms level be frozen together with the numbers of the personnel.

Importance for the development of the all-European process and detente on the continent is attached to the expansion of East-West cooperation in the humanitarian sphere. Whence the interest which the Berne meeting of experts on contacts between people attracted. Its work culminated at the end of May in the formulation of a summary document. This was largely the result of the flexible and constructive approach displayed at the meeting by the USSR and the other socialist countries and their readiness to seek mutually acceptable solutions.

Nonetheless, the final document was still not adopted. The reason was the veto imposed by the U.S. delegation, which had from the very outset attempted to frustrate an understanding being reached. Thus Washington counterposed itself to all the other participants in the meeting representing 33 European states and Canada. This was yet further evidence that the U.S. Administration is openly blocking any possibility of the development of East-West dialogue.

The latest round of the Soviet-American negotiations on nuclear and space-based arms opened with a plenary session of the delegations on 8 May in Geneva. Specific Soviet proposals on all three groups of questions under discussion are now on the negotiating table. The American side has been notified also that the U.S. proposals submitted at the start of November 1985 cannot, from the USSR's viewpoint, serve as the basis for agreements.

On the eve of the resumption of the negotiations the White House distributed a statement by President Reagan. It contains no new ideas or proposals. It does not contain a hint of this practical step or the other which might confirm Washington's "adherence" to the cause of curbing the arms race. Moreover, after the negotiations in Geneva had resumed even the U.S. Government took a step which reveals as clearly as can be the essence of the United States' present foreign policy course aimed at an arms race in every possible way.

On 27 May President Reagan announced the United States' actual refusal to subsequently comply with the Soviet-American treaty-legal documents limiting strategic offensive arms--the 1972 Interim Agreement and the 1979 SALT II Treaty. He declared that when adopting future decisions concerning the organizational development of the American strategic forces the United States would not be bound by the limitations provided for by the SALT agreements. Washington's withdrawal from the SALT II Treaty is specifically scheduled for the end of 1986, when in the process of deploying new arms, particularly cruise missile-firing heavy bombers, the United States will exceed the established limit of 1,320 strategic delivery vehicles fitted with separating independently targeted warheads. "The President's decision," the Soviet Government's statement observed, "means that the present American leadership has consented to an exceptionally dangerous measure in the demolition

of the treaty system restraining the nuclear arms race and thereby creating the conditions for the conclusion of new accords." The statement contains the warning that as soon as the United States exceeds the established level of arms or otherwise violates other basic provisions of the said agreements, which the sides have observed hitherto, the Soviet Union will consider itself free of the corresponding commitments in respect of them and will adopt the practical measures necessary to prevent the military-strategic parity being undermined.

Manifestly ignoring the imperatives of the nuclear-space age, Washington has embarked on the path of an expansion of its "trial of strength" policy arsenal, diversifying it with new forms of provocative actions. On 13 March American warships violated the USSR's state border in the Black Sea off the south coast of the Crimea. In a note the Soviet side called the attention of the U.S. Embassy in the USSR to the fact that this act was of demonstrative, provocative nature and pursued manifestly provocative ends. The note contained a demand that the American side adopt measures precluding such provocative actions.

The actions exercised on the international scene in the spring months by the U.S. Administration are contrary to the Geneva accords and are directly detrimental to the dialogue between the USSR and the United States. One such--American aircraft's bandit attack on Libya--rendered impossible the meeting of the two states' foreign ministers scheduled for May. Another action--the U.S. President's decision to move in the future beyond the framework of the limitations envisaged by the SALT agreements--is seriously complicating the preparations for the next Soviet-American top-level meeting. The Soviet leadership has set forth its position repeatedly on the kind of meeting this should be. In its opinion the American side's readiness to achieve specific results at the meeting on at least one-two questions in the security sphere and also the presence of the corresponding political atmosphere are essential for it to be held. The provocative step taken by Washington testifies to neither.

While attaching importance to the state of relations with the United States the Soviet Union does not intend confirming itself to them in its policy. This, as the 27th party congress observed, could only encourage the "presumption of power". The CPSU considers the European direction a basic direction of foreign policy activity. A historic opportunity of the peoples of Europe and its future lie in the peaceful cooperation of the states of the continent. The past months have provided many examples of such cooperation.

Swedish Prime Minister I. Carlsson was in Moscow 14-17 April at the invitation of the Soviet Government. During the visit there was a fruitful exchange of opinions on questions of mutual interests. I. Carlsson's meetings and talks with Soviet leaders showed that the USSR and Sweden view from similar positions such major problems as the need for the elimination of nuclear weapons, a halt to nuclear explosions, prevention of weapons in space, states' cooperation on an equal basis, the right to choice of social development and noninterference in internal affairs. The state and prospects of the development of bilateral relations were also discussed during the visit. They have been invigorated markedly in recent years, particularly in the trade-economic

sphere. The ties between the two countries in this sphere have a substantial foundation. It was laid by the long-term program of the development of economic, industrial and S&T cooperation up to 1990 and the long-term trade agreement. The sides exchanged letters concerning its extension in the course of I. Carlsson's visit.

G. Iacovou, foreign minister of the Republic of Cyprus, visited Moscow at the end of April. During the talks with E.A. Shevardnadze G. Iacovou expressed profound gratitude to the Soviet Government for its support for the Cypriots' just struggle. He noted the importance of the proposals put forward by the Soviet Union in January 1986, "Principles of a Cyprus Settlement and Ways To Achieve It," which represent a constructive basis for the collective efforts of all interested countries in the direction of the achievement of an all-embracing and viable settlement on the island.

The visit to the USSR of Spanish Prime Minister F. Gonzalez had considerable international repercussions. The opinion was expressed on both sides in the course of the Soviet-Spanish negotiations concerning the need for a deepening of the two states' interaction in mutual interests and also in the interests of all of Europe and an improvement in the world situation. Discussing international problems, the USSR and Spain agreed that, granted the diversity and contradictoriness of the modern world, there is a rapid growth of states' interconnection and interdependence, which insistently dictate the need for new thinking and new approaches in world politics.

Differences in approach to this international problem or the other should not be a reason for the estrangement in bilateral relations of states with different social systems. This was discussed during the visit to the Soviet Union at the end of May of Japanese Foreign Minister S. Abe. In the course of the negotiations the Soviet leadership communicated the fundamental decision which it had adopted to use all opportunities for the development and improvement of relations with Japan in all areas. In connection with S. Abe's appeal concerning the visit by Japanese of their relatives' burial sites the Soviet side expressed a readiness in principle to view this positively. An intergovernmental agreement was signed during the visit on cultural relations. E.A. Shevardnadze and S. Abe continued the negotiations held in January 1986 in Tokyo concerning the conclusion of a Soviet-Japanese treaty, incorporating questions which could constitute the content thereof.

There is perhaps no sphere in which the peoples inhabiting our planet could not cooperate successfully. A most promising field of such cooperation is the peaceful exploration and conquest of outer space. An important step forward was taken in this area in the recent period. The "Venus-Halley's Comet" project was accomplished with the help of two Soviet Vega automatic interplanetary stations. Scientists and engineers from Austria, Bulgaria, Hungary, the CDR, Poland, France, the FRG and Czechoslovakia participated extensively together with Soviet specialists in the creation of the Vega stations' scientific apparatus. Large-scale images of the comet's nucleus were obtained, measurements of the temperature and other physico-chemical characteristics were made, the chemical composition of the comet's gas and dust components was analyzed and electromagnetic fields and physical processes were studied for the first time.

Soviet specialists also fulfilled international commitments connected with precise guidance to Halley's Comet of a West European spacecraft in the "Pilot" international project, in which American scientists participated also. The success of the biggest international space experiment graphically demonstrates the possibilities and benefits of broad East-West cooperation.

As far as the peaceful conquest of space is concerned, the USSR is ready to develop such cooperation with all states on both a bilateral and multilateral basis. Specific proposals in this connection are contained in a message from N.I. Ryzhkov, member of the CPSU Central Committee Politburo and chairman of the USSR Council of Ministers, to UN Secretary General J. Perez de Cuellar. It puts forward a gradual program of joint practical actions pertaining to the peaceful conquest of space which is aimed at laying firm material, political-legal and organizational foundations of a "star peace" prior to the year 2000. It is the USSR's belief that it is with this and not with the insane "star wars" plans that terrestrial civilization should enter the 21st century.

Man's relations with his surrounding world, in which much is still unclear, are full of surprises and risk. And not every step into the unknown culminates successfully. There are many sharp turns, precipices and danger areas on the path toward undiscovered secrets. Each success on this difficult path is rightly perceived as a common success. And each failure and setback are common also.

So thinks at least the majority of sober-minded people. Did we not share the American people's grief in connection with the tragic end of the seven Challenger crew members? And now disaster has come to us. The accident at the Chernobyl AES was a reminder that neither the pole, the ocean depths, space orbits nor the energy of the atom are subjugated without bitter resistance.

The world as a whole was sympathetic toward what happened in Chernobyl. But there were attempts to use the accident for anti-Soviet purposes and extract from it the maximum political capital. The purpose was to discredit the USSR and sow mistrust toward our country.

The latest anti-Soviet campaign was orchestrated by ruling circles of the United States and certain other NATO countries. What lies was the world not hearing a few days after the accident: there was talk of "thousands of casualties," "communal graves of the dead," "extinct Kiev," "panic" in Soviet cities and so forth. What had happened in Chernobyl was even a question included on the agenda of the meeting of leaders of capitalist countries in Tokyo. In a statement adopted in this connection they went so far as to demand that the USSR "immediately make available all information" related to the accident.

But the provocative racket around Chernobyl was not limited to attempts to discredit the Soviet Union and portray it as a "polluter". Washington and certain other Western capitals saw the disaster which had befallen our country as an opportunity to erect new barriers in the way of an extension and development of the East-West dialogue, to wind it down and to distract the world community's attention from the large-scale initiatives of the Soviet Union.

Some people in the West would undoubtedly like to have induced the Soviet Union to "slam the door" on the negotiations and abandon further efforts to normalize the international situation. But failure awaited them. M.S. Gorbachev's television speech on 14 May showed convincingly that the Soviet leadership is fully aware of its responsibility for the fate of the country and all mankind.

Having weighed all the facts connected with the security of its people and all mankind, the USSR Government adopted the decision to extend the unilateral moratorium on nuclear tests until 6 August of this year--the anniversary of the barbaric bombing of Hiroshima. M.S. Gorbachev confirmed his offer to President Reagan to meet immediately in the capital of any European state or in Hiroshima to negotiate a nuclear test ban.

Simultaneously the USSR put forward an initiative for a considerable strengthening of the international system of the safe development of nuclear power and international cooperation in this sphere. Speaking at a meeting in Budapest on 9 June, M.S. Gorbachev proposed the establishment of a procedure whereby states would assume commitments concerning the granting of free medical assistance, shelter and other material support for casualties. The Soviet Union believes that it might also be possible to ponder organizing within IAEA framework the cooperation of the leading nuclear power countries in the creation of an economical and, what is most important, more reliable new-generation reactor. One further task of exceptional importance is the elaboration of a reliable system of measures to prevent nuclear terrorism in all its manifestations.

3. Economics and Politics in the Capitalist World

The latest, 12th, meeting of heads of state and government of the "seven"--the United States, Japan, the FRG, France, Canada, Great Britain and Italy--and also the EEC representative took place 4-6 May in Tokyo. Annual meetings of the leaders of the leading Western countries were formerly conceived of as a kind of forum for discussion of the most urgent problems of the world capitalist economy. However, over the years the top-level meetings have increasingly manifestly changed from a mechanism of regulation of the world capitalist economy into meetings held for the purpose of formulating and coordinating the joint political and military strategy of the three centers of imperialism. Under the conditions of the present tension the international community expected of the leaders of the "seven" answers to the most pressing questions of the present day. But these hopes were not to be.

The Tokyo meeting was preceded by a preparatory meeting held on 18 April in Paris. Its participants prepared an agenda for the summit, which incorporated the following questions: in the economic sphere, discussion of measures for a reorganization of the economic structures of states of the "seven" to achieve stable growth and also alleviate the position of the debtor developing countries and improve the international financial system. In addition, it was planned examining questions connected with the start of a new round of multilateral negotiations for the purpose of preventing protectionism and promoting free trade. In the political sphere the agenda incorporated such problems as East-West relations, arms control, the situation in the Near East and certain other parts of the world and the fight against "international terrorism".

As we can see, the list of questions submitted for discussion by the leaders of the "seven" was quite extensive. Many of them, economic primarily, are discussed at the summits from year to year, which in itself testifies to the partners' incapacity for solving these problems or at least lessening their seriousness.

To the contrary, rather. The Tokyo meeting took place in an atmosphere of the exacerbated squabble in the trade-economic and currency-finance spheres between the United States and the West European countries and Japan. Despite certain favorable trends which have appeared recently in the West's economic conditions (the fall in the price of oil, somewhat of an increase in the rate of economic growth of the leading capitalist countries and the decline in the bank discount rate in the United States and also the rate of inflation), the capitalist economy continues feverish.

There was another flareup of the agriculture war between the United States and West Europe on the eve of the meeting. In response to Spain and Portugal's reduction in imports of soybeans from the United States (in accordance with the commitments assumed by these countries upon entry into the EEC) President Reagan announced retaliatory measures aimed at limiting exports to the United States of the Community's agricultural products. Justifying the measures, Washington is pointing to the damage being done by the cutback in supplies of soybeans to the European market to American farmers (put at \$1 billion). But the fact that gradual elimination of the high customs imposts in Spain and Portugal will benefit the majority of other sectors of the American economy is glossed over here. No less important is the other aspect of the matter--the political aspect. "The entry into the EEC of the two Mediterranean states," the French LE FIGARO observed, "is extremely beneficial for the Americans for it helps consolidate these two difficult countries in the 'Atlantists club'." It was not surprising that Washington raised its tone only after the results of the referendum on Spain's NATO membership became known.

The economic relations of the United States and the West European countries and Japan remained extremely strained. Trade with Japan accounted for one-third of the United States' foreign trade deficit in 1985, which amounted to \$150 billion. As far as the West European states are concerned, they exported to the Land of the Rising Sun \$11 billion less of their commodities than they imported from it.

The problem of the developing countries' debt to the highly developed capitalist states has become explosive. Its sum total in the present year is in excess of \$1 trillion. On the one hand the huge debt is continuing to keep the countries of the developing world in the position of raw material appendage of the developed capitalist states, but they simultaneously represent a delayed-action mine placed beneath the entire system of world economic relations.

It cannot be said that the West has not seen the seriousness of the current situation. In October 1985 Washington even put forward the Baker Plan (named after the U.S. treasury secretary), which provides for the commercial banks additional granting of \$20 billion to the 15 states with the biggest debts.*

* For more detail see MEMO No 6, 1986, pp 82-86.

However, apprehensive of finding themselves in even greater financial enslavement, the debtor countries reacted to this proposal very cautiously.

The Tokyo meeting essentially advanced not one iota the solution of the acute economic problems being encountered by the capitalist world. The conferees confined themselves to mutual calls for a structural rebuilding of the national economies and their integration in the world economy and also emphasized the need for the coordination of economic policy. The question of joint measures to halt the fall in the exchange rate of the dollar was left open.

Nor did the developing countries hear anything new for themselves. It was simply recommended that they play a more active part in the world economy and create conditions more conducive to the export of foreign capital. The first comments on such recommendations, however, testify to the sharply negative response of those to whom they are addressed. Their attitude was expressed by Malaysian Prime Minister M. Mohamad, who, speaking immediately following the meeting, accused the "seven" of "ignoring the opinion of the developing states."

To sum up all that the leaders of the seven countries were able to agree on in the economic sphere, the sole conclusion can be drawn that nothing of importance--in the strict meaning of the word--was achieved.

Nonetheless, the U.S. President termed the meeting "the most successful of those in which he had participated." Possibly, from Washington's viewpoint, this really appears to be the case. The results of the meeting are being evaluated far more guardedly in the capitals of certain other members of the "select club," and in Tokyo they have given rise to unconcealed disappointment.

"Setback," "failure," "defeat," "catastrophe" for the country--thus is the Japanese press commenting on the results of the summit. Of course, such pronouncements contain a considerable amount of the dramatization altogether characteristic of the Western mass media. But there is also no doubt that the Tokyo meeting not only did not justify the hopes placed in it by the country's ruling circles and Prime Minister Y. Nakasone personally, counting on winning concessions from the partners on their own turf, but also served up a number of unpleasant surprises.

As many observers note, for the first time in the history of meetings of the "seven" that which Japan had feared the most happened: it came up against a common front of North America and West Europe, which united efforts for a decisive offensive against their Far East competitor.

Tokyo received the strongest blow in the currency sphere--currently its most sensitive sphere. The point being that the exchange rate of the dollar, which has been falling since September 1985, following the decisions of the "group of five" (incorporating the finance ministers of the United States, Britain, France, the FRG and Japan) on coordinated measures to lower it, has been accompanied simultaneously by a sharp rise in the exchange rate of the yen (it had jumped 50 percent in May compared with September 1985). And, furthermore, specialists note, it is a question not so much of the effect of the market mechanism as of the conscious policy of the American banks speculating on the rise in the yen, which has to lead (and has already led) to a growth of the price of Japanese products and, correspondingly, to a decline in their competitiveness.

As the discussion of currency-finance questions showed, the increase in the yen's exchange rate suits Tokyo's other partners also. Nakasone's call for help in stabilizing the Japanese currency went unheeded.

A number of propositions of the "economic declaration" also are of an openly anti-Japan thrust. The draft of this document prepared by Tokyo, as the organizer of the meeting, was not even studied. In place of it an American draft (the Baker Plan) was submitted for discussion and was immediately approved by the other delegations without any amendments and was incorporated in the "economic declaration".

The Baker Plan envisages the creation of a special mechanism for "coordinating the efforts" of the developed capitalist states in the economic sphere--a supervisory body consisting of the finance ministers and leaders of the major banks of the members of the "seven". Its main function is supervision of the economic situation in these countries, which is to be exercised on the basis of an analysis of information concerning such key indicators as currency exchange rate fluctuations, balances of payments and trade, unemployment and inflation levels and so forth.

In the general opinion of observers such supervision is clearly aimed primarily at putting an end to the "closed nature" of Japan's economy: having persuaded themselves of Tokyo's reluctance to assume precise commitments to liberalize trade in bilateral negotiations, its competitors resolved to create an international mechanism extorting specific concessions from Japan, taking as the basis a system of comprehensive analysis of basic economic indicators. It is assumed that the planned supervisory body will have an independent information-gathering machinery.

Besides the "economic declaration," the Tokyo conferees adopted three political documents. One of them--the special statement in connection with the accident at the Chernobyl AES--has already been mentioned. Another document was the political declaration entitled "Forward to a Better Future". How do the leaders of the "seven" view it? The authors of the declaration provide no answer to this question, confining themselves to an expression of hope that the cooperation of North America, West Europe and Japan will make it possible "to unite efforts in the search for a more secure and healthy, civilized and prosperous and freer world rid of the threat of war."

Having proclaimed such a far-reaching goal, it might have seemed that the leaders of the "seven" should also have said something about how to achieve it. But one looks for this in the declaration in vain. It does not have a word to say about the recent wide-ranging Soviet proposals and the need to eliminate nuclear weapons and halt nuclear tests. While paying lip-service to the creation of "more stable and constructive East-West relations" the Tokyo conferees did not omit to portray the Soviet Union as the side impeding progress in this direction. And how should the statement in connection with the Soviet-American negotiations on nuclear and space-based arms be categorized: "We value highly the efforts of the United States," the declaration says, "and call on the USSR to negotiate in a positive spirit"? It is obvious to every impartial person that everything has been stood on its head here.

But the American delegation attached particular significance to the partners' approval of the third document, which had been prepared by Washington in advance--a joint statement on cooperation in the fight against "international terrorism". It was precisely with its adoption that the United States ultimately linked the success or failure of the Tokyo meeting. President Reagan had unambiguously made this understood back during Prime Minister Nakasone's visit to the United States not long before the Tokyo meeting. And, furthermore, as the American press had predicted, the White House, stung by the allies' reaction to the aggression against Libya, tried to use the meeting of the "seven" for "arm-twisting" of the partners in order not only to win their approval for its anti-Libya policy but in general to put an end to the dangerous, from the United States' viewpoint, disagreements in the Atlantic alliance.

The lack of unity in the ranks of the allies, the growth of centrifugal trends and the unwillingness of the West European states and also Canada and Japan to unconditionally support all actions of the "senior" partner could have, Washington believes, far-reaching consequences. Writing in the British OBSERVER shortly before the Tokyo meeting, former U.S. Secretary of State H. Kissinger sketched the current situation thus: "When Europe now dissociates itself from the United States, it is thereby challenging the concept of global defense and, consequently, indirectly also the psychological basis of America's commitments in the area of Europe's defense. The alliance is gradually moving away from the concept of mutual commitments. In consequence adjustments will have to be made to political and military cooperation in the alliance itself."

The problem of "international terrorism" as Washington interprets it has become a kind of touchstone against which the partners' loyalty to allied commitments has been tested. In the short term the United States managed to achieve its set goal--with the active support of British Prime Minister M. Thatcher Washington imposed on the remaining participants a "hard-line" version of the declaration on "international terrorism" with specific mention therein of Libya as an alleged source of "state terrorism". But, according to the Western press, this was preceded by a quite serious backstage struggle, and particularly stubborn resistance to the Reagan-Thatcher bloc was put up by Nakasone, what is more. Explaining the reasons for Japan's opposition to the American-British line, observers point out that for a number of years Tokyo has endeavored to avoid in its Near East policy actions which could cause complications with countries of this region, whence Japan obtains a considerable proportion of the oil it consumes. At the same time, foreseeing the inevitability of discussion of the problem of "international terrorism" at the meeting, its organizers had prepared their own draft of the corresponding statement, in which direct mention of Libya was absent and which contained no specific proposals to combat "terrorism".

In the opinion of observers the main role in Nakasone's "capitulation" was performed by the Iron Lady. Judging by press reports, Thatcher had rejected the Japanese draft from the very start of the negotiations, reading out her own version of the statement on "international terrorism," which was ultimately adopted by the participants in the meeting. It listed the sanctions which are to be applied in respect of "states supporting terrorism". It is a question of such measures as a suspension of the sale of arms to these countries; a

reduction in the strength of the personnel of embassies (as far as their closure) and restrictions on diplomats' freedom of movement; refusal to issue entry visas to persons suspected of belonging to terrorist organizations; and the increased cooperation of the police departments and security services.

But although Washington and London succeeded in creating the appearance of the unity of the "seven" on the most important issue, from their viewpoint, the success of the Reagan-Thatcher bloc was highly relative. The statement on "international terrorism" adopted at the meeting is basically of propaganda significance. Despite all the efforts, the United States and Britain were unable to win from the other participants approval of tougher measures in respect of states accused of "terrorism". The partners of Washington and London made it understood more or less emphatically that they are opposed to economic sanctions and also military actions like that undertaken by the United States in attacking Libya.

In the opinion of many Western press organs, ASAHI in particular, in practice Washington will find it hard to have the partners implement even the "antiterrorist" measures contained in the joint statement. The vagueness of the wording of this document affords each conferee an opportunity to interpret it in his own way, according to his own interests. This was manifested during the meeting even.

Washington naturally hastened to announce that it viewed the adopted statement as support for its anti-Libya policy and blessing for "preventive military action". In France's opinion, however, this document is not "binding": the question of application of the measures envisaged therein should be decided by each country independently. Paris declared here that there had been "no change" in its position in respect of Tripoli. Nakasone also expressed himself in the same spirit. At a press conference at the end of the meeting he confirmed the unchanged nature of Tokyo's Near East policy. Nakasone emphatically rejected the possibility of Japan's adoption of any sanctions against Libya.

It is not surprising that many observers are evaluating the resu'ts of the Tokyo meeting and the practical significance of the accords reached thereat in very guarded manner. When the semblance of compromise, which was formulated with difficulty, acquires diametrically opposite evaluations, NEWSWEEK, for example, writes, this is a sure sign that, depsite the heralded aspiration to "cooperation," the sides' attempts to at least smooth over the contradictions were unsuccessful.

At the same time the Tokyo meeting revealed certain shifts in the alignment of forces among the three centers of present-day capitalism. As already mentioned, on a number of questions of currency-financial policy Japan came up against the united front of the United States, Canada and West Europe, in the face of which Tokyo had to consent to appreciable concessions. The consequences of this were not long in coming: the exchange rate of the yen jumped sharply, and specialists are predicting a fall in exports and corporation income and the country's economic growth rate. It is not surprising that many people in Japan are putting the responsibility for the current situation on the prime minister personally, who, according to the local press, "was unable to defend the interests" of the country at the meeting of

the "seven". In the opinion of observers, the miscalculations which he made have considerably weakened Nakasone's positions in the ranks of the ruling party, which makes highly problematical his reelection as leader of the LDP in the course of the October elections for party chairman (who automatically becomes prime minister in the event of victory at the parliamentary elections).

The meeting of the "seven" afforded London an opportunity to confirm for the umpteenth time its reputation as Washington's most loyal and consistent ally. The emphatically strict pro-American position occupied by Thatcher at the meeting evidently pursued not only foreign but also domestic policy goals: halting the decline in the popularity of the government and the prime minister personally brought about by Britain's unconcealed complicity in the course of the United States' bandit attack on Libya. The hope, presumably, was by having won the allies' approval for Washington's aggression to thereby persuade the country's public of the "soundness" of London's actions.

However, as subsequent events showed, this calculation was not justified. The ruling party incurred serious losses at two by-elections and local authority elections on 8 May. In the Ryedale constituency the number of Tory supporters declined 17.9 percent, in Derbyshire West 16.3 percent. On the borough and district councils the Conservatives lost 635 seats. The majority of them went to the Labor Party. Public opinion polls conducted by the Gallup Institute in April showed a sharp decline in the popularity of Thatcher herself: only approximately 30 percent of those polled approved of the prime minister's activity. This was grounds for a NEW STATESMAN correspondent to declare that Thatcher was now "the party's biggest liability."

Only the FRG Government, perhaps, can rival the British Government for the title of truest ally of the United States. It was among the first to openly support the American "star wars" program. In the wake of London, Bonn associated itself with the SDI plan officially in April. The corresponding agreement was signed in Washington by FRG Economics Minister M. Bangemann.

The ruling coalition shrouded the terms of West German firms' and organizations' participation in realization of the SDI with a heavy curtain of secrecy. And, as it soon transpired, it had something to hide. The information on certain articles of the agreement which appeared in the press caused a resounding political scandal in the country. The documents which have been made public say plainly that the United States reserves the right to decide which results of the research may be passed on to the West German partners. The American side has also acquired the right to determine which technology and commodities the FRG may supply to the USSR and other socialist countries. K. Voigt, chairman of the SPD faction working group in the Bundestag Foreign Policy Commission, described the ruling coalition's position on this question as "Bonn's capitulation to the Pentagon's political and military demands."

After the FRG had officially associated itself with the "star wars" program, Bonn, as if on command, ceased almost completely to mention its "younger sister"--the "European Defense Initiative". The Defense Ministry deemed it necessary to specify even that it is a question merely of "expanded air defenses". Meanwhile realization of both projects is gathering pace. Major

state establishments of the FRG have been connected up with the research in the sphere of the creation of space-based weapons. Orders for production of the corresponding components have been received by the country's leading military concerns. MBB, AEG-Telefunken and Siemens are cooperating, for example, in the development of a "laser tank"--a high-energy installation on tracked gear. The "Patriot" air defense system (back in September 1984 the FRG was the first of the United States' West European allies to conclude an agreement with Washington on the purchase of missile complexes), which it is contemplated converting into an essential component of the "EuroSDI," is being modernized.

Not confirming itself to participation in realization of the "star wars" program, Bonn was also the first U.S. ally to support the American plans for an escalation of the chemical arms race. It is a question of a program for the production of a new variety of this barbaric weapon of mass destruction--binary weapons. According to the Pentagon, they are to replace the old CW arsenals located on the European continent.

Washington's intention of converting Europe into a potential theater not only of nuclear but also chemical warfare is giving rise to anger and protests in the countries of the continent. Reservations and objections to the American plans have also been expressed by the governments of a number of members of the North Atlantic alliance (Denmark, Greece, Iceland, Luxembourg, Netherlands, Norway). Nonetheless, under strong pressure from the "senior" partner these plans were approved at a NATO Military Planning Committee session at the end of May. It is indicative that here also an example of "Atlantic discipline" was set by Bonn. Without waiting for the corresponding NATO decision, Chancellor H. Kohl undertook during his meeting with President Reagan in Tokyo to support a chemical arms buildup program. And although the country's ruling circles are attempting to calm the public with statements that the new-generation war gas will be deployed in the FRG only in a "crisis situation," such statements are being devalued by pronouncements of representatives of the Washington administration. The sense of them is that it will be the United States which will determine when a "crisis situation" has arisen.

Bonn's unconditional following of the lead of the military course of Washington and NATO in foreign policy is combined with an offensive against the rights and interests of the working people within the country. The Bundestag's approval of a new version of subsection 116 of the labor law may serve as a graphic example. The changes which have been made to it sharply limit the working class' possibility of using in the struggle against capital such an effective weapon as the strike. The law has been changed in such a way that those dismissed at the time of a strike lose the right to benefits. The employers may now with lockouts quickly put down any strike.

The changes made to the labor legislation caused a wave of anger in the country. A kind of unofficial national referendum was conducted in April at the initiative of the German Trade Unions Association--a poll of the working people--in the course of which their attitude toward the new version of subsection 116 was ascertained. Some 7.6 million of those polled (95.6 percent) were opposed.

Fears are being expressed even in the ranks of the ruling coalition concerning the consequences of the domestic and foreign policy course being pursued by the Kohl cabinet: after all, Bundestag elections are to be held in 6 months. Many aspects of this policy were sharply criticized at the congress of the FDP, which is the CDU/CSU's coalition partner.

The Eighth German Communist Party Congress, which was held at the start of May, elicited considerable comment in the country. Its delegates outlined specific tasks in the continued struggle for peace and against the military threat which has arisen as a result of the policy of the ruling circles of the United States and certain other NATO countries, the FRG included. An important place in the congress' work was occupied by formulation of a program of action of the West German communists aimed at the accomplishment of urgent domestic policy tasks. These include measures to do away with unemployment, which has spread to 2.5 million persons, and provide for full employment and mobilize the working people for the defense of constitutional and socioeconomic rights and liberties, primarily the right to strike.

The German CP is not alone in the struggle against the present course being pursued by the right-of-center coalition. Largely similar demands are being put forward by other democratic parties also. The decisions of the Green Party congress, in particular, which was held in the latter half of May, testify to this. It discussed and adopted an election program and also resolutions on a number of urgent domestic and foreign policy questions.

The congress confirmed the Greens' demand for a halt to the deployment of new American first-strike missiles in the FRG and for the withdrawal from the country of the Pershings and cruise missiles which had already been deployed. Its delegates unanimously opposed the "star wars" program and the FRG's participation therein. After long and stormy discussion, the congress incorporated in the election program a demand for West German unilateral disarmament and withdrawal from NATO.

The government's antiworker policy and its attempts to limit the constitutional rights of the citizens and their organizations were sharply assailed also. In particular, the delegates advocated an end to the system of the shadowing of dissidents which operates in the country. The Greens' election program contains a call for an economic policy which would be aimed at putting an end to mass unemployment, raising pensions and increasing social benefits.

Whereas in the FRG the parliamentary elections are yet to come, in France they have already been held. They were held on 16 March, and for the first time since 1958, what is more, not in two but in one round. Their main political result was a pronounced shift to the right. The majority of seats in the National Assembly was obtained by the bloc of leading bourgeois parties--the Rally for the Republic (RPR) and the Union for French Democracy (UDF). Together with small rightwing groupings it now has 291 of the 577 seats. Appreciable losses were sustained at the elections by the French Socialist Party (PSF). In the new National Assembly the socialists have 206 seats (285 out of 491 in the previous National Assembly).

The French press called this outcome of the elections a "programmed sensation," meaning that the failure of the socialists was predictable. But the real sensation was the success of the National Front far right grouping, which obtained approximately 10 percent of the vote and, accordingly, 35 seats (compared with 0.29 percent of the vote at the preceding elections). The same number of seats in parliament is now held by the communists, who had to conduct the struggle under the conditions of an unbridled anticomunist campaign unleashed by the mass media controlled by the bourgeoisie and the government.

As a whole the forces of the left obtained 45 percent of the vote, and their political opponents (the RPR and UDF together with other parties and groupings of the right) 55 percent. This is the worst ratio for the democratic camp in the past 25 years. As a PCF Central Committee plenum held after the elections observed, responsibility for the failure lies primarily with the Socialist Party, which had failed to fulfill its commitments.

Indeed, comparison of the PSF's election promises to the electorate in 1981 with the results of its 5-year term in office reveals a considerable discrepancy between word and deed. In this time the number of unemployed in the country grew by 600,000 and numbered by the start of 1986 some 2.3 million--over 10 percent of the economically active population (after all, going into the 1981 elections, the socialists had promised to halt the growth of unemployment). The working people's living standard had declined markedly. Employers' profits, on the other hand, increased 84 percent in the same period.

Despite the considerable reduction in the level of inflation (from 13.6 percent in 1980 to 4.5 percent at the end of 1985), France is still lagging behind the leading capitalist countries in terms of this indicator. Nor were the ruling circles' hopes that the switch to a policy of "austerity" and modernization of the production machinery at the expense of the working people would strengthen France's positions in the competitive struggle with its main rivals justified: the country's balance of trade deficit in 1985 amounted to Fr25 billion, and the foreign debt to Fr1.2 trillion.

The results of the socialists' foreign policy course were highly contradictory also. The program documents with which the party went into the 1981 elections proclaimed adherence to disarmament, security and independence. On assuming office, however, it made a sharp turn toward "Atlantism"--it supported NATO's "arms catchup" decision and confirmed "allied commitments" within the framework of the North Atlantic alliance. The French nuclear forces are being modernized rapidly. True, as distinct from a number of Washington's other partners, Paris opposed the SDI. But in practice the government declared repeatedly that it would not prevent French firms concluding contracts within the framework of this project.

The results of the elections created an unusual situation. For the first time in the history of the Fifth Republic the president and the parliamentary majority belong to different political camps. Formation of the government was entrusted to RPR leader J. Chirac, mayor of Paris. The key offices in the new cabinet are held by representatives of this party close to him. The economy, finances and the Ministry of the Interior, that is, the strategic areas of domestic policy, are controlled by the PNR. The other grouping of the present majority has obtained relatively modest posts.

Both the Elysee and Matignon palaces (residences of the president and premier) expressed a readiness to abide by the rules of the political game. However, in practice differences were revealed at the very outset. The head of the government announced his intention to implement this measure or the other by way of decree, thereby hoping to avoid protracted parliamentary debate. But for the decrees to take effect they have to be signed by the president. According to Mitterrand's statement, he is not opposed to this practice in principle. But at the same time the head of state warned that he would not sign decrees which called in question the social gains approved by the previous parliament.

Certain disagreements were revealed in the interpretation of powers in the foreign policy sphere also. Citing the traditions and practice of the Fifth Republic, the president declared his intention of continuing to bear the main responsibility for the pursuit of foreign policy. For his part, the premier expressed an aspiration to share this responsibility with the head of state. Observers saw Chirac's presence at the Tokyo summit as demonstrative confirmation of this aspiration. They call attention in this connection to the fact that in Tokyo, as distinct from previous meetings, Mitterrand did not live up to his reputation as "disturber of the peace". Chirac's presence fettered him, apparently.

Shortly after its formation, the new cabinet submitted the government agenda. Expounding it in the National Assembly, Chirac proclaimed a policy of "economic recovery". The government sees the accomplishment of this task in the denationalization of many state-controlled industrial companies and banking groups, the removal of price control and the restrictions on the export of capital, simplification of the procedure for dismissing workers and so forth. The list of the banks, companies and forms which it is contemplated transferring to private hands was issued. These are 42 banks, 3 insurance companies and 9 industrial enterprises nationalized at the end of the 1940's and since 1981. With the assumption of office of the Chirac cabinet big capital, as FORTUNE magazine observed, has had "a strong gulp of oxygen."

Concerning foreign and defense policy, J. Chirac declared that it would primarily be a question of "the assertion of our independence within the framework of freely elected and properly preserved alliances." The head of the French Government dwelt particularly on Soviet-French relations, noting here that the policy initiated by General de Gaulle in 1966 remains a contribution to prudent peace in Europe and throughout the world. Paris confirmed its intention to preserve its independence in foreign policy at the time of the American raid on Libya, having prohibited the American aircraft from flying over its territory. In connection with the critical remarks of the head of the White House in connection with this decision Mitterrand declared: "President Reagan has a right to say what he feels necessary, but Europe has a right to do what it considers necessary.... We do not want our foreign policy and our diplomacy to cease to be independent."

At the same time observers call attention to the disagreements which have already been displayed between the president and the premier in the foreign policy and military spheres. Thus in one speech Chirac openly supported the SDI project, declaring that France would not remain aloof from research

within its framework. In response Mitterrand made it clearly understood that as president and commander in chief he did not intend associating himself with projects in which Paris would not make independent decisions. As the French press writes, Mitterrand thereby confirmed anew his opposition to the "star wars" program.

The events of the spring months confirmed that the centrifugal trends in the capitalist world continue. It is not a question, of course, of the collapse or loosening of the "Atlantic alliance". But Western leaders are having increasingly often to ponder the fact that alignment with Washington is far from always compatible with their states' national interests.

4. In the Sights of the Policy of 'Neoglobalism'

"Mindless force"--such was the evaluation of the U.S. Administration's actions in respect of Libya in world press commentaries. The barbaric bombing by American aircraft of peaceful Libyan cities demonstrated for the umpteenth time to the whole world that recklessness, irresponsibility and a total disregard for international law have become the norm of Washington's policy. "The United States has once again showed itself the main culprit of the escalation of international tension irresponsibly playing with the fate of millions of people for the sake of satisfaction of its imperial ambitions," M.S. Gorbachev's message to M. Qadhafi, leader of the Libyan revolution, said.

The explosion in a discothecque in West Berlin, as a result of which two persons died, including an American serviceman, and approximately 200 were injured, was chosen as the pretext for the piratical attack. As on repeated occasions in the past, Washington, without troubling itself with any proof, accused Tripoli of complicity in what had happened. And this despite the fact that a commission of inquiry into the circumstances of the explosion which had been set up specially by the West Berlin authorities found no evidence to corroborate this accusation. But what does an absence of facts matter to Washington if it has resolved to "punish" someone!

The aggression against Libya pursued several goals at the same time. One was M. Qadhafi, leader of the Libyan revolution himself. And no particular effort was made to conceal this, furthermore. As informed administration representatives declared to THE WASHINGTON POST, the bombing raid on Libya was planned such that Qadhafi be killed as a result of the bombing. "We had hoped to get him," the newspaper quotes one figure. According to a report of the same WASHINGTON POST, the NSC had even prepared a draft statement which termed Qadhafi's death "accidental".

The attack on Libya was, as Washington intended, to also have served as a warning to other countries pursuing a foreign policy not to the liking of the United States. It was aimed at showing the United States' resolve to resort to violence if deemed expedient. U.S. Defense Secretary C. Weinberger was quite candid in this connection: "We have shown that we have the forces and resources for carrying out operations in any part of the world, however far from American territory."

What did Washington achieve in undertaking the bandit action against a sovereign state whose entire guilt is that it is unwilling to submit to U.S. diktat? The results were the direct opposite of those for which the Washington administration hoped. In the general opinion of observers, the bombing of the peaceful Libyan cities merely strengthened the positions of the revolutionary regime and increased the people's support for the anti-imperialist policy it is pursuing. The criminal attack on Libya evoked a wave of solidarity with it in many countries and embarrassed the majority of the United States' allies, who expressed serious concern at the consequences of such actions.

Nonetheless, judging by the statements and practical actions of the U.S. Administration, the danger looming over Libya has not disappeared. Washington does not conceal the fact that it will not stop short of a new act of aggression against Tripoli if it deems it necessary. Under the conditions of the continuing tension surrounding this country exceptional importance is attached to the firm support for Libya on the part of the USSR, which was restated during the visit to Moscow of A.S. Jalloud, member of the Libyan Jamahiriya Revolutionary Leadership. The Soviet Union expressed readiness to develop with Libya mutually profitable political and economic cooperation on a long-term basis and also to assist it in strengthening its defense capability. The results of the negotiations were evaluated highly in Tripoli.

Libya is not the sole target of the policy of "neoglobalism" in the Near East. Simultaneously with the anti-Libya campaign Washington and Tel Aviv unleashed an anti-Syria campaign. Operating in accordance with the practiced scenario, the "strategic allies" accused Damascus of "supporting terrorism". This is the interpretation of the assistance rendered the Libyan patriots and the PLO by Syria. It is indicative that pressure on Syria was stepped up considerably after Damascus had confirmed its resolve to seek an all-embracing settlement of the Near East conflict within the framework of an international conference on the Near East with the participation of the USSR.

The goals set by the initiators of the anti-Syria campaign are very similar to those which it was attempted to achieve in the course of the attack on Libya--changes in the country's leadership and its policy. This was stated openly by Israeli Prime Minister S. Peres: "As long as H. Assad remains president of Syria, no negotiations can be conducted with this country."

In the difficult situation which has arisen through the fault of the United States and Israel the Syrian leadership is maintaining its sang-froid and forbearance. Its warning that Damascus would fight American-Israeli expansionism with all the means at its disposal and also the decisive support for Syria expressed by the Soviet Union, particularly during the visit to our country of Syrian vice president A.H. Khaddam, have somewhat cooled the ardor of the organizers of the anti-Syria campaign.

The sharp exacerbation of tension in the Mediterranean and the disturbing situation surrounding Syria overshadowed for a time the events in Lebanon. And they developed dramatically. The "15 January putsch," as the coup within the rightwing Christian "Lebanese Forces" which occurred that day is called, impeded the process of normalization in the country which had been discerned. The putschists demanded a revision of the agreement concluded in Damascus by the three main military-political groupings with Syrian mediation. These demands were supported by Lebanese President A. Gemayel also.

The division between opponents and supporters of the Damascus agreement continues. It has led to the suspension of intrastate political contacts. The activity of the institutions of power has been paralyzed. The country's president is being boycotted by the prime minister, the chairman of parliament and a number of ministries. The government has not met for several months now. Reports are appearing in the Beirut press about a "collaborationist" mood in the "Lebanese Forces" in respect of Israel. The political stagnation has led to a further deterioration of the general atmosphere in the country. The situation in the capital itself, where there are periodic armed clashes between contending forces, has been exacerbated. At the start of May Lebanese Army subunits closed off all thoroughfares linking the East and West Beirut.

It is no secret that the actions of the opponents of a political settlement of the intra-Lebanon conflict are being directed by the United States and Israel, which are concerned to preserve the tension in the region which, they calculate, facilitates the pursuit of the "neoglobalist policy" here.

Washington and Tel Aviv took a further step in the past months to expand their "strategic cooperation". On 6 May the two states' defense ministers signed in the American capital an agreement on Israel's participation in the SDI. Thus the United States' Near East ally became the third country to officially subscribe to the "star wars" program. In fact agreement on this was reached earlier--during the visit to Israel of Gen J. Abrahamson, leader of the program. In the course of the visit the American guest familiarized himself with research in the military sphere. The compact laser installations which have been developed here were of particular interest to the Pentagon.

The content of the agreement signed in Washington is being kept secret. However, the two countries' mass media reported that Tel Aviv has already handed over to Washington 30 designs. According to available information, at the first stage alone Israeli firms hope to obtain from the Pentagon contracts to develop components of space-based weapons totaling \$150 million.

Israel's association with the "star wars" program has introduced a dangerous new element to the situation in the region. As cooperation with the transatlantic ally expands, there is a growth in Tel Aviv's self-confidence and recklessness, which is increasing the threat on its part to neighboring countries. This is making all the more urgent the need for a surmounting of the split in the Arab world and the removal of the disagreements and mistrust which exist here, which were manifested particularly clearly, for example, at the time of the United States' bandit attack on Libya. The reaction of the majority of Arab states essentially did not go beyond the framework of political condemnation, although in certain capitals calls for more emphatic measures were heard. Ultimately the Arab leaders were unable even to hold a planned summit meeting in connection with the aggression against Libya.

There are many reasons for the division of the Arab world. Differences in social system, history and traditions. There are many foreign policy factors also, including Arab countries' dissimilar attitudes toward the continuing Iraq-Iran war.

Spring did not bring any appreciable changes to the military situation in the area of combat operations. The Iranian Army continues to hold the beachhead in the region of the idle port of Faw seized in the course of the February offensive, and Iraqi forces are attempting to dislodge the enemy from there, simultaneously undertaking offensive operations in other sectors of the front.

The war is causing the peoples of both states tremendous distress. The total number of killed and wounded in the time of the conflict is put at roughly 1 million men. Colossal damage has been caused the economy of the belligerents. Besides the devastation caused by the conflict, this damage includes the multibillion-dollar expenditures connected with prosecuting the war. According to figures of Kuwait's AL-ANBAA, in the period 1979-1983 alone the two states' total outlays on the upkeep of the armed forces constituted over \$90 billion. To continue the war both Iraq and Iran have been forced into debt. In 1985 the debt of the first was put at \$40 billion, of the second, from \$2.5 to \$5.3 billion. The sharp fall in the price of oil on the world market and the reduced demand for it on the part of consumers are intensifying the two countries' grim financial position. Nonetheless, considering the position of the Iranian leadership, an end to the conflict is not in sight.

While Tehran and Baghdad continue to exhaust themselves in a senseless war Washington and Tel Aviv are deriving considerable advantages from this bloodshed. The conflict is weakening the anti-imperialist forces in the region and contributing to the continued split in the Arab world. In addition, it is affording Israel and the United States and also certain other countries also an opportunity to profit from arms supplies to the belligerents (as far as Iran is concerned, such supplies are realized via intermediaries). In the long term, many specialists believe, Washington is hoping for internal political changes in Iran favorable to itself as a result of the protracted and enervating war and ultimately the restoration of America's positions here.

Nostalgia also imbues the United States' subversive activity in respect of democratic Afghanistan, whose people in April commemorated the eighth anniversary of the revolution. The undeclared war unleashed against the republic by foreign and domestic reaction is diverting considerable forces and resources so necessary for building the new society. It is sufficient to say that the state has been forced to allocate for the country's defense half of budget expenditure, and the material damage to the country's economy caused by the rebel bands is put at 45 billion afghanis.

All the more impressive are the republic's achievements in the years of people's power. The national income has already exceeded the prerevolution level. As a result of the land-water reform almost 320,000 landless and land-hungry peasant families have obtained approximately 340,000 hectares of land free. National industry is growing.

Course has been set recently toward an acceleration of cardinal transformations in all walks of life, which is designed to strengthen the revolution's social base. The composition of the country's executive bodies and social organizations has been expanded to this end. Some 79 new members have been added to the Revolutionary Council. More than 70 percent of them are nonparty

people. The Central Council of the National Fatherland Front--the most populous social organization of the republic--has been reinforced by 33 new members representing all the nationalities of Afghanistan. The composition of the government has been broadened considerably. Najib, general secretary of the PDFA Central Committee, declared in a speech that the country's leadership intended actively enlisting as broad strata of the population as possible in tackling statewide tasks.

The start of the Afghan new year (21 March) was marked by a major success of the DRA armed forces, which in the course of a broad-based operation crushed a principal enemy base located in Zhawar, 3 km from the border with Pakistan. For 8 years this had been one of the Afghan counterrevolution's most powerful strong points. Whence actual leadership of the operations of bands in Paktia, (Paktik), Kabul and other provinces of East and Central Afghanistan was exercised. There was a radio station here.

As a result of the operation 252 fortified fire positions were wiped out, 6,000 antitank and 12,000 antipersonnel mines were rendered harmless and liquidated and hundreds of missiles and launchers, thousands of artillery shells and missiles and millions of submachinegun, rifle and machinegun rounds were captured. Enemy losses were over 2,000 men killed, and the number of wounded, according to rough estimates, was twice this figure.

Wishing to afford the Afghan people the possibility of building a new life under conditions of peace and freedom as quickly as possible, the leadership of the republic is making persistent efforts to achieve a political settlement of the situation concerning Afghanistan. These efforts have already led to certain progress at the talks with Pakistan being conducted with the mediation of the UN secretary general's personal representative. Following the adjournment, a new round of negotiations began on 5 May. As Najib declared, they have entered a "particularly critical stage."

The past months have again confirmed that the prospect of a settlement of the situation concerning Afghanistan suits far from everyone. The United States and some of its allies would like to mothball the tense situation which has taken shape in the region. In the spring Washington took one further dangerous step in the direction of an escalation of the undeclared war against the DRA. The White House announced its decision to make Stinger anti-aircraft missiles available to the counterrevolutionary bands in Afghanistan (and also Angola).

The state terrorism being practiced by Washington is serving as a nutrient medium for the subversive actions of reactionary forces in other countries also, particularly India, which is going through a difficult period of development. In April there was once again a sharp exacerbation of the situation in Punjab. Separatists seized in Amritsar the Golden Temple--the Sikh's main shrine. Having converted it into their headquarters, they stepped up terrorist acts aimed at undermining India's unity. And on 29 April the leaders of the separatist formations proclaimed from the walls of the temple the formation of the "independent state of Khalistan".

To judge by everything, the timing of the latest sally was no accident. It coincided with the crisis situation which had arisen at the end of the month in the ruling Indian National Congress (1) Party. The reason for it was the factional activity of a number of its members directed against Prime Minister R. Gandhi. With timely and decisive measures the INC (1) leadership succeeded in overcoming the crisis in the party ranks. The Sikh separatists' sally ended in failure also. By dawn on 1 May India's security forces had cleared the Golden Temple of the "Khalistanis" who had ensconced themselves there. The threat to national unity was liquidated, although, considering the scale of the assistance to the Sikh separatists on the part of the West, the possibility of such provocations in the future remains.

It is only thanks to the support of the United States and certain other Western powers that the racist regime in Southern Africa, which is the main cause of tension in the region exists. The events of 19 May, when the South African armed forces carried out a gangster-like attack on facilities in the Zimbabwean capital and close to the capital of Botswana, were once again a reminder of this. Simultaneously South African aircraft struck at a camp of refugees from South Africa in Zimbabwe.

It was not the first time that Pretoria had carried out acts of aggression in respect of neighboring states. What was unusual on this occasion was merely the explanation for the bandit attack. "We were guided in carrying out the raid," L. Nel, deputy minister of information of South Africa, declared, "by the same considerations as the United States" (at the time of the attack on Libya--author). You cannot have it clearer than that.

The aggression against the three "front-line" states evoked a wave of anger throughout the world. The Soviet Government's statement on this question said: "The Soviet Union emphatically condemns the South African racists' attack on Zimbabwe, Botswana and Zambia. True to its policy aimed at maintaining general peace and the peoples' security, it emphatically demands an immediate halt to the criminal policy of terror and violence being pursued by the South African authorities. The demand of the world community concerning the application in respect of the racist South African regime of all-embracing mandatory sanctions in accordance with Chapter VII of the UN Charter should finally be fulfilled in the interests of the peaceful future of our planet."

Nor is there any lessening of tension--again through the fault of Washington--in Central America. For several months the administration, resorting to intimidation and unbridled demagogic, sought from Congress the allocation of \$100 million to finance the "Contras". "1986 is a very dangerous year," Nicaraguan President D. Ortega declared. "To judge by everything, the United States has concluded that the mercenary forces have suffered a strategic defeat. Therefore the question is: it will either negotiate with us or take other steps in the direction of military aggression."

Washington's "neoglobalist" policy in respect of Nicaragua is evoking condemnation throughout the world, primarily on the American continent. The majority of Latin American states advocates a peaceful settlement of the conflict situation in Central America. Favorable opportunities for such a settlement were afforded by the meeting of foreign ministers of the members of

the Contadora Group (Mexico, Venezuela, Colombia and Panama), the Contadora Support Group (Argentina, Brazil, Peru and Uruguay) and five Central American states (Guatemala, Honduras, Costa Rica, Nicaragua and El Salvador) which was held at the start of June in the capital of Panama. It was convened for the purpose of surmounting the disagreements between participants in the Contadora process preventing the signing of the "Peace Act" drawn up 2 years ago. Shortly before the opening of the meeting Nicaraguan President D. Ortega declared Managua's readiness to sign this document on condition of a complete halt to the United States' aggressive actions aimed at ousting the Sandinista government.

However, Washington is refusing to assume such a commitment, putting forward, for its part, the impudent demand that the Sandinistas first agree to negotiate with the "Contras" and come to an arrangement concerning new elections in Nicaragua. Manifestly on the instructions of the United States, the representatives of the three pro-American regimes--Honduras, El Salvador and Costa Rica--expressed disagreement with most important provisions of the "Peace Act" and frustrated the signing of the document. It is indicative that the opening of the meeting coincided with the latest campaign unleashed by the White House of pressure on Congress to win from it approval for the \$100 million in aid to the "Contras," while the Pentagon announced the start of the "Cabanas 86" new military maneuvers in Honduras only 17 km from the Nicaraguan border. Washington thereby demonstrated once again that the position which it occupies is the main obstacle in the way of the achievement of peace in the region.

The struggle for a secure future and just and civilized relations between states is assuming a universal nature. In the vanguard of this struggle is the Soviet Union, which is armed with the historic decisions of the 27th CPSU Congress. The concept of an all-embracing system of international security advanced by the congress accumulated the aggregate positive experience of the Soviet Union and the socialist countries and also the entire international community expressed in the decisions of the United Nations and the nonaligned movement and the constructive proposals of the "Delhi Six," other states belonging to different social systems and the mass peace movements. The potential of prudence and peace is strengthening from day to day. Opposing the aggressive policy of imperialism is the will of the peoples of the whole world to preserve life on earth.

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U.S., EUROPEAN DEBATE OVER ATLANTISM VIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 7, Jul 86 (signed to press 13 Jun 86) pp104-110

[Article by T. Parkhalina: "NATO--Behind the Facade of 'Atlantic Unity'"]

[Text] For a long period the NATO military-political bloc and the structure of bilateral relations between the United States and its West European allies which had evolved in the cold war years were regarded in the West as the most stable component of imperialism's military-political system. However, as of the latter half of the past decade and, particularly, in the past few years political circles and scholarly and periodical literature on both sides of the Atlantic have been speaking increasingly often about the "erosion of Atlantic unity," "difficult partnership" and "lack of consensus" within the alliance.

Such pronouncements have been brought about objectively by the essential changes in the United States' relations with the West European states, which are being manifested in growing resistance to Washington's foreign policy and a transition from the one-sided and unconditional dependence of the United States' "junior" partners on this country toward the more complex and contradictory practice of mutual relations and the quest for compromise, given preservation of the fundamental principles of class alliance with the "senior" partner. It has been in this period that West Europe has conclusively taken shape as an autonomous imperialist power center, the dominating role of the United States has declined and interimperialist rivalry has intensified in all spheres.

Undoubtedly, Western political scientists' assertions concerning some "crisis" of NATO contain a propaganda principle and deliberate dramatization of the situation for the purpose of consolidation of the Atlantic ranks in the face of the notorious "threat" from the East. But it is indisputable also that the present relations between the United States and the West European alliance partners are distinguished in their totality by a markedly increased level of tension and mutual suspicion, doubts and recrimination on both sides of the Atlantic.

The basis of the changes which are occurring in transatlantic relations are the exacerbation of interimperialist contradictions and the appearance of new forms and directions thereof. As the CPSU Central Committee Political Report to the 27th party congress observes, "this group of contradictions of

capitalism has been removed neither by class proximity, concern for a unification of forces, military, economic or political integration nor the S&T revolution."

The complex interweaving of centrifugal and centripetal trends operating within the Atlantic alliance is being reflected in various political-ideological, including theoretical, concepts and approaches of bourgeois specialists to the problems of American-West European relations and suggested prescriptions and recommendations.

Present Stage of Atlantic Relations in Western Political Scientists' Interpretation

There are two viewpoints in Western political science of the present situation in the alliance reflecting the differing understanding of the nature of the contradictions between the partners.

According to the first, the North Atlantic alliance is currently experiencing merely a "family quarrel". As Georgetown University professor E. Ravelan writes, crises in NATO are nothing new. They have been caused by problems which have existed in the alliance from the very outset and "ensue from the differences in concepts between members of the alliance, differences between their needs in the security field and differences in geopolitical position of the United States and Europe (West--T.P.)." * In other words, the crisis is merely a feature of the evolution of the complex system of multilateral interstate relations within the framework of the Atlantic community, a kind of indicator of the state thereof and simultaneously a catalyst of the process of the alliance's adaptation to external and internal change. Such a viewpoint is also held by G. Treverton, another specialist in this field from Harvard University. He claims in a recent book that although there have always been problems, at times very serious, in relations between members of the alliance, they are susceptible to settlement and should not therefore be dramatized.**

Another very numerous group of experts has the opposite viewpoint. In their opinion the organization of the North Atlantic alliance is "out of date". A "father" of American neoconservatism, I. Kristol, declares: "NATO has ceased to be a living reality." R. Rucker, a prominent American political scientist of a rightwing persuasion from Johns Hopkins University, also believes that never before has this organization "encountered simultaneously such a quantity of problems, each of which could lead to its disintegration."

Studying the reasons for the crisis phenomena in NATO, many bourgeois political scientists connect them, first, with such factors as the geography, history, ideology, demography, economics, military-strategic situation and national mentality of the different participants in NATO. Second, with the emergence of two knots of contradictions in transatlantic relations. One took shape as the result of the United States' actions aimed at strengthening its nuclear

* FOREIGN AFFAIRS, Summer 1985, pp 1022-1023.

** See G.F. Treverton, "Making the Alliance Work," London, 1985.

presence on the territory of West Europe and the achievement of military superiority over the USSR. The emergence of the other was brought about primarily by the efforts made by the R. Reagan administration for the purpose of weakening West Europe's economic contacts with the USSR and the other socialist countries. Yet West Europe depends to a considerably greater extent than the United States on trade with the East and is accordingly far more interested in economic relations with the socialist countries. Some of these states' import items are vitally important for West Europe (gas, for example). Many West European figures believe economic stability just as significant a factor as military power. According to former FRG Chancellor H. Schmidt, "in the East-West global rivalry the capacity for maintaining economic and social stability is of strategic significance."

The present centrifugal trends in the Atlantic alliance are also seen as a consequence of the continuing and, in a number of instances, even strengthening mentality of West Europe's dependence on American nuclear guarantees. This idea can be detected in the opinions of many Western specialists of various schools. Thus the prominent French political scientist R. Aron, a founder of the "European Atlantic" school, wrote: "By its very nature West Europe's dependence on the United States in providing for its own security is an unhealthy phenomenon." The American "globalist" E. Cohen develops this idea differently: the stronger and more independent the West Europeans become, the stronger this psychological complex proves and the more grounds there are for the crisis development of American-West European relations.*

Truly, as of the latter half of the 1970's a process of the erosion of the relatively rigid structure of Atlantic relations has been observed. This has been caused by such factors as consolidation of the West European power center and the intensification of its rivalry with the United States, the appearance of Japan as a third power center of the capitalist world, the emergence on the international scene of a number of groupings of developing countries, the "disuniting" impact on American-West European relations of the evolved parity in the nuclear arms sphere between the United States and the USSR and the dissimilar evaluation by Washington and its "junior" partners of the fruits of detente.

These changes are not in themselves, of course, a "mortal danger" for NATO. But they are undoubtedly introducing "grains of mistrust" to transatlantic relations.

The contradictions which arose therein on the eve and at the outset of the 1980's were reflected in Western political science literature in the form of a quite pointed debate on the following questions:

how to assess the "Soviet military threat" and what the ways and means of providing for the security of the West, primarily West Europe, should be?

How to build economic and political relations with the USSR and other socialist countries?

* See FOREIGN AFFAIRS No 3, 1982, p 508; Winter 1982/83, p 328.

Finally, how NATO should behave in areas beyond the range of the Atlantic alliance?

The 'Soviet Military Threat': Myths and Contradictions of Bourgeois Political Science

Despite the outward similarity of the Atlantic partners' positions on the question of the "Soviet military threat," there are also serious disagreements among them reflected in political science literature. M. Smith, fellow of the Manchester Institute of Science and Technology, claims that the problem of "uncertainty" in American-West European relations arose for the first time precisely as the result of differences in estimation of the "Soviet threat" and its reality and dimensions. A. Simonet, former Belgian foreign minister, points out that although as a whole the governments of West European countries approved a basic goal of the Reagan administration--a buildup of the NATO countries' military efforts--they regard the "aggressive" nature of American foreign policy in respect of the USSR without particular enthusiasm. Despite the pressure of the U.S. Administration, West Europe evaluates the experience of detente quite positively, and elements of detente are alive in the policy of West European countries.

Indeed, familiarity with the works of Western political scientists of various schools shows that there are now more than ever on both sides of the Atlantic considerably differing opinions concerning that which NATO should be "deterring" in the military-political plane. The nonconcurrence of viewpoints is explained by differences in the evaluation of the situation on the European continent on the part of the ruling circles of the United States and the states allied therewith. After all, as is known, the reason invariably given both for the creation and subsequent strengthening of NATO was the "Soviet military threat" to West Europe. And, furthermore, the intimidation of the West Europeans with the mythical "threat" on the part of the USSR would reach its apogee, as a rule, on the eve of NATO's adoption of a rearmament program.

So it was on the eve and at the outset of the 1980's also, when the myth of the USSR's "aggressive intentions" was once again used by the leadership of the Atlantic alliance as propaganda cover for the plans for NATO's "arms catchup". But if they abstract themselves from propaganda considerations and the "Atlantic solidarity" syndrome, which has been cultivated over the decades, many West European politicians and political scientists do not now believe in the reality of the "Soviet military threat". Washington is obviously not taking these changes into consideration, perceiving West Europe, as before, as its totally dependent ally continuing to view the world through American eyes. Even the European "Atlantists" acknowledge that the Reagan administration assumed office with an incorrect idea of the fundamental bases of the situation in Europe.

In Washington's calculations the structure of the "defense" of NATO's West European members is based, as before, on the U.S. military presence, which is seen as an instrument of resistance to "Soviet military power," but in actual fact affords the United States an opportunity to maintain and strengthen its positions in West Europe. But this presence is objectively coming into conflict with the main conditions of West Europe's security in the nuclear age, which many

bourgeois political scientists, primarily the "Atlantists" and "globalists," are reluctant to see. This contradiction became particularly obvious at the start of the 1980's, when the Reagan administration attempted to achieve military superiority in the world in order from a "position of strength" to determine the direction of the development of East-West political relations.

Whence the growing disagreements within NATO on the question of how practically to approach the "threat" on the part of the USSR. Unanimity was not observed here even before, incidentally. Debate between participants in the alliance concerning its strategic doctrine and the arms needed to neutralize the "threat" has been constant. It was damped down somewhat in the detente period. However, the disagreements have become particularly pronounced in recent years in connection with the plans for the modernization of NATO intermediate-range nuclear forces and also the "star wars" project.

How do Western political scientists evaluate these changes? The experts representing the "Europeist" school of Western political thought believe that NATO's present strategic concept contains a certain danger for the West European participants in the alliance for it presupposes "battle at the forward lines," as a result of which West Europe would find itself pulled into a large-scale conflict with all the ensuing consequences. Is there an alternative to the present NATO strategy? The "Europeists" see it as the creation of their own military mechanism within the EEC framework. At the same time, however, there is no agreement among them on whether the "defense" concept for West Europe should be based on conventional or nuclear weapons.

A different position on this question is held by the European "Atlantists". Proceeding from the proposition propagated by Washington and the NATO leadership concerning the continued "military threat to the West" on the part of the USSR, they on the whole approve of the North Atlantic bloc's nuclear strategy and urge its nuclear "arms catchup" and military-political "deterrence" of the Soviet Union. The representatives of this school of West European bourgeois political science believe that each member of the alliance should increase its personal contribution to ensuring NATO's defensive power. They are opposed in principle to the creation of an autonomous military structure of West Europe and call for "restoration of the unity" of the Atlantic alliance.

Lively debate is under way among American political scientists also concerning the creation of a West European military system "exclusive" of NATO, distribution of the burden within the Atlantic alliance and the effectiveness of "deterrence" with nuclear or conventional weapons.

Additional impetus to the debate was imparted by an article by former U.S. Secretary of State H. Kissinger, "A Plan To Reshape NATO," which was published in TIME magazine. It called for an increase in West Europe's role within the alliance and also a reform of the organization's entire internal structure and a revision of the present allocation of functions. For the full actual participation of the West Europeans in the Atlantic structure Kissinger believes it necessary to provide for the possibility of the appointment as NATO commander in Europe of a West European, although this post has traditionally

always been held by an American general.*

S. Hoffmann, political scientist from Harvard University and a leading specialist in American-West European relations, sees as NATO's "weakest point" the fact that in the Atlantic "defense system" decisions on the use of nuclear weapons are made exclusively by the United States. At a conference devoted to problems of relations between the partners on both sides of the Atlantic he called for the development of a "new strategy" for the alliance which would provide for the gradual creation of a "West European defense system".

Earlier Hoffmann had been one of the first to openly raise the question of the need to provide for West Europe's nuclear autonomy. In the American political scientist's opinion, the policy of "deterrence" of the Soviet Union by military and other means should be determined not only in Washington. The West European governments, he believes, should have an opportunity to participate actively in arms control negotiations for such negotiations directly affect West Europe. Hoffmann proposes the creation of an independent European system of "deterrence" based primarily on the French intermediate-range nuclear weapons and supplemented by similar American-made weapons, which should be under the control of a supreme European command to be created in the future. The prerequisite for this, Hoffman believes, could be the creation of a "European Defense Directorate". In such a "Directorate" the FRG would have the right to participate in deciding questions connected not only with the use of nuclear weapons but their production also.** We would note that this idea hardly arouses enthusiasm in the partners of Bonn and Washington.

Among the other problems causing tension in American-West European relations Western political scientists cite the "star wars" program, in whose realization the United States is endeavoring to enlist its allies, primarily NATO allies. Although under transatlantic pressure the governments of a number of West European states (Britain, the FRG) have decided to participate in the SDI, many other alliance members do not conceal their critical attitude toward the plans for the militarization of space. Specialists believe, regardless of whether Washington succeeds in winning broader support for the "star wars" program on the part of its West European partners or not, its realization is fraught with very serious consequences for NATO. To summarize the considerations they express, they amount basically to the following:

implementation of the SDI will sharply complicate arms control negotiations and increase strategic instability in the world;

the United States' deployment of a space-based arms system and the inevitable retaliatory measures on the part of the USSR will devalue the efforts of many years standing of Britain and France to create their own nuclear "deterrence" potential;

if both the biggest powers have more or less reliable defensive systems, NATO's "flexible response" strategy becomes meaningless. As a result West Europe will

* See TIME, 5 March 1984. pp 14-18.

** See FOREIGN AFFAIRS, Winter 1981/82, pp 327-346.

be faced with the increased threat of a conventional or "limited" nuclear war, that is, a situation which has always been the subject of its fears.

Undoubtedly, Washington's advancement on the eve and at the outset of the 1980's of the "limited" nuclear war concept sharply stimulated debate in Western political science concerning present NATO strategy. But as a whole it was brought about by the deep-lying contradictions between the United States and its allies on questions connected with the effect of the decision-making mechanism pertaining to the use of nuclear weapons. Under the current state of affairs in NATO Washington's "junior" partners have in fact been distanced from such decision-making. Yet the evaluation of this conflict situation or the other in Europe could be completely different when seen through the eyes of West Europeans and Americans, particularly in cases where the conflict is fraught with the threat of war. The vital interests of the states of this region demand that the territory of the continent not be subjected to the risk of annihilation. Washington, however, politicians and political science specialists believe, is endeavoring primarily to protect against conflicts the territory of the United States and is prepared for the sake of this to sacrifice, if necessary, its West European allies.

The United States' refusal to ratify the SALT II Treaty, suspension of the negotiations on intermediate-range weapons and Reagan's promotion of the SDI have put West Europe's political leaders in an ambiguous position. The essence of the problem which NATO encountered in the first half of the 1980's is seen by a number of American and West European experts today as the fact that both sides--the United States and West Europe--are incapable of realistically evaluating their partner. But it is not only and not so much, of course, a question of the perception by the partners on both sides of the Atlantic of one another as of the actual interimperialist contradictions of a military-political nature.

In the postwar period many West European figures believed that their interests were closely and inseparably connected with U.S. interests. In turn, this country's ruling circles were convinced that the West Europeans were of a sufficiently definite frame of mind--pro-American and anti-Soviet. Now many specialists in West Europe have arrived at a different evaluation of the prevailing mood here: the United States is not only an ally but also a rival, and the USSR is not only an adversary but also a profitable partner.

The well-known West German commentator P. Bender observed that in the future the Soviet Union could be far closer to European problems than the United States. What is needed for European security, he believes, is not military "deterrence" of the USSR but preservation of its interest in a stabilization of the economic conditions of the West. However, such an approach, which corresponds to the interests of West Europe, is at variance with the policy of the transatlantic partner inasmuch as the United States has incomparably less interest than the West European states in economic ties to the East.*

* P. Bender, "Das Ende des ideologischen Zeitalters," Berlin, 1981, pp 171, 178.

Evaluating highly the development of East-West relations in the 1970's, prominent SPD figure K. Voigt expresses the belief that for the West Europeans the evolution of detente and its present prospects are by no means a reason for disappointment. The problems confronting Europe currently, K. Voigt believes, are connected less with the deterrence of "Soviet military expansion" than with the organization of prolonged East-West peaceful coexistence in the face of the continuing conflict between the two political systems.

NATO and Conflicts Outside of Europe

The majority of Western political scientists, regardless of the school to which they belong, agrees that a growing influence on the correlation of centrifugal and centripetal trends within NATO is now being exerted by processes and events in countries and regions beyond the traditional range of the North Atlantic Treaty.

Under the conditions of devaluation of the "Soviet military threat" myth Washington is attempting to consolidate the Atlantic ranks, intimidating the allies with the alleged growing "expansionism" of the USSR in the developing world, whose purpose, it says, is the establishment of control over the resources concentrated here, acquisition of military bases and so forth. Accordingly, all the changes in the developing countries which are unfavorable to the West are interpreted as the result of the "subversive activity" of Moscow and the forces it supports.

Even many of Washington's allies believe simplistic such a view of the complex and frequently contradictory processes occurring in Asian, African and Latin American countries, although more suitable here is another attribute--pathologically distorted. Nonetheless, the proposition that the USSR's actions in the third world are currently the main "threat" to the West's interests is shared to this extent or the other by many bourgeois political scientists (particularly the representatives of "globalism") on both sides of the Atlantic. But while taking this "fundamental" premise as the point of departure American and West European specialists reach different conclusions. Whereas the first put the emphasis in their recommendations on the need for a strengthening of the NATO military presence in different parts of the developing world, the second advocate a political-economic settlement of the problems and conflicts which exist here. The West, G. (sic) de Montbrial, director of the Paris International Relations Institute, for example, writes, is extremely concerned to strengthen political and economic stability in the developing countries and develop broad economic cooperation with them.*

Some specialists explain the differences in the approach of the United States and West Europe to regional conflicts by the dissimilar historical experience and also role in international affairs, the different degree of dependence on supplies of energy and raw material and so forth. In addition, as distinct from many American political scientists, their West European colleagues, as far as can be judged from the works of the latter, perceive the radical

* See "NATO--The Next Generation". Edited by R.E. Hunter. Boulder, Colorado, 1984, p 111.

changes in the developing countries as, first, more or less inevitable and, second, not necessarily "profitable" to the USSR and threatening to the long-term interests of the West.

Furthermore, the "power," confrontational policy being pursued by the present U.S. Administration in the international arena as a whole and the developing world in particular has increased West Europeans' apprehensions, which existed earlier also, that the United States is not so much defending these interests as harming them. In the opinion of influential circles of countries allied with Washington the "senior" partner's actions could complicate the West European states' relations with the developing countries (particularly of the Near East and North Africa), whence West Europe obtains a large part of the energy and other types of raw material, and, what is more, involve them in conflicts outside of the continent fraught with serious consequences.

Characteristic in this respect is the opinion of L. Freedman, a political scientist of the "Europeist" school. According to him, West Europe criticizes NATO military doctrine basically because it fears a superpower conflict in the third world which would then inevitably spread to Europe. This position causes irritation in Washington, which, Freedman believes, proceeds from the idea that West Europe has lost a global vision of the world and is ignoring the connection between its own security and events outside of the continent.

The "Europeists" believe such an idea fundamentally wrong. By its objective position West Europe cannot, they say, confine itself to regional interests inasmuch as this part of the continent long since became a power center, and its security depends on Soviet-Chinese relations, the race war in South Africa, the Near East conflict and development of the detente process. All this, they believe, demands of West Europe a more assertive role in international affairs beyond the continent.

The main opponents of the "Europeists" are the representatives of American "globalism" calling for a rebuilding of the NATO structure which would lead to the concentration of the United States on global commitments, and West Europe on regional commitments.

In contrast to the "globalists," American "Atlantists" see the possibility of the solution of the existing problems in NATO in an expansion of the West Europeans' participation in extra-European conflicts and the development of RDF and call for a stimulation of West Europe's role in the sphere of military policy beyond the traditional NATO range as a "contribution to providing for the West's security."

A comparison of the works of Western political scientists with the course of events in the international arena makes it possible to conclude that the question of the formulation of specific measures to ensure uninterrupted energy supplies will in all probability both in the 1980's and 1990's determine to a considerable extent the West European countries' attitude toward extra-European conflicts and ultimately the centrifugal trends in Atlantic relations. I believe that the level of differences between the United States and West Europe in the evaluation of the situation in the developing countries and also as far as practical actions are concerned could grow even in the foreseeable future. Washington will inevitably have to take into consideration the

aspiration of West Europe to resolve local conflicts, even more those in which their (sic) interests are directly affected, not by way of risky military intervention but by means of the use of a wide spectrum of political-diplomatic means.

The Future of Atlantism: Evaluations and Recommendations

Regardless of the evaluation of the degree of seriousness of the contradictions in transatlantic relations, an increasingly large number of Western specialists is recognizing the need for a search for means with which to surmount the present difficulties being experienced by the alliance and is attempting to chart possible paths of the development of the NATO structure. The point of departure for the debate is the premise according to which bringing the foreign policy course of the Atlantic alliance as a whole into line with the inter-allied relations within it is the same problem as the "harmonization" of East-West or North-South relations.

Considerable interest was aroused in the West in this connection by the report of the directors of leading research institutes in the field of foreign policy and international relations of the United States, Great Britain, the FRG and France entitled "The West's Security: New Parameters and Tasks". Within the framework of the plan for the reorganization of the mechanism of inter-allied relations suggested by the authors of the report it is proposed that West Europe assume greater responsibility with respect to deterring the so-called "Soviet threat" and also protection of the interests of the West in the developing countries. However, merely the discussion of the plan revealed a lack of enthusiasm in West European governments. A reason for this was the proposed increase in military budgets.

Another event which attracted the attention of political scientists on both sides of the Atlantic was the meeting of representatives of the United States, Japan, Australia and a number of European countries in November 1982 in London. The main place in the course of the debate was occupied by discussion of two questions: how to halt the disintegration of NATO and the West as a whole and the plan for the creation of a Pacific alliance, like the North Atlantic alliance, which would help breathe new life into NATO.* The proposals expressed by the participants in the meeting provide for an improvement in the existing structures of cooperation, the creation of a "council of Western democracies," modernization of the "organization of the defense" of the West and the development of a mechanism of the coordination of joint programs and consultations.

Specialists on both sides of the Atlantic are also proposing specific prescriptions for a restoration of the "consensus" within NATO. For example, H. Kissinger and S. (Sloan), well-known specialist in American-West European relations, believe that the development of West European cooperation in the military-political sphere would contribute to the consolidation of NATO and a general improvement in transatlantic relations. S. Hoffmann and former French Foreign Minister J. Francois-Poncet see as the causes of the disagreements the inconsistency of the American foreign policy course and for this reason call on the American leadership to preserve continuity when determining the principles of its foreign policy.

* See NATO REVIEW No 2, 1983, p 19.

The debate which developed in the West at the start of the 1980's concerning the "crisis" of NATO undoubtedly testifies that Atlantic relations are indeed experiencing a period of "difficult partnership". At the same time a critical approach evidently needs to be adopted toward the statements of certain politicians and scholars of the United States and West Europe according to which NATO is encountering a crisis of such depth and scale that its very existence is threatened. A propaganda goal can be traced distinctly behind such a deliberate dramatization of the state of affairs in the alliance--the spurring of fears in connection with the "disintegration" of NATO under the conditions of the growing "threat" from the East. It is no accident that the talk about the "crisis" of this bloc is being accompanied by calls for a strengthening of the unity of its members in the face of the "challenge" on the part of the USSR.

An all-around analysis of the transatlantic relations at the current stage reveals a quite complex and ambiguous picture characterized by an interweaving of elements of cooperation and rivalry of the United States and West Europe.

The extent of the present disagreements between the partners should not be exaggerated. Together with the centrifugal trend a centripetal trend also is operating within the NATO framework brought about by the class community of the members' foreign policies. To this extent or the other the participants in the alliance continue to proceed in their foreign policy--independently of Washington or under pressure from it--from the constantly renewed "Soviet threat" myth and the interdependence of the American and West European economy, policy and cultural relations between countries on both sides of the Atlantic.

The fact cannot be overlooked that ultimately all members of the bloc, except for Greece and Denmark, supported the decision to deploy new American missiles in West Europe. At the meeting of the NATO Eurogroup in December 1983 all its participants were in favor of a stimulation of efforts in the sphere of a buildup of arms, of conventional types included. In December 1984 in Brussels the defense ministers of the NATO countries approved a program for an upgrading of the infrastructure of this bloc--a step aimed at appeasing Washington, which frequently accuses the allies of insufficient attention to the defense of West Europe with conventional weapons. Nor does consistency distinguish the position of a number of the United States' "junior" partners in respect of the SDI: while unwilling to bind themselves by political obligations the governments of certain NATO members are allowing for the possibility of the participation in the project of private companies of their states. Also highly contradictory is the reaction of Washington's allies to the "senior" partner's actions in the course of the crisis connected with Libya which it had provoked: while having condemned the gangster-like attack on this country the majority of them nonetheless adopted discriminatory measures against Tripoli.

The phenomena characterizing the state of transatlantic relations show as obviously as can be the soundness of Lenin's proposition that two trends operate simultaneously in the camp of imperialist states--"one making inevitable the alliance of all imperialists, the other counterposing some imperialists to other."* In the acute confrontation of the two trends in

* V.I. Lenin, "Complete Works," vol 36, p 332.

interimperialist relations the first, unifying trend gains the ascendancy. However, the efforts being made by the imperialist powers to coordinate their economic, political and ideological strategy for the purpose of combating world socialism and the national liberation movements cannot remove the objective contradictions between them. These contradictions will obviously remain a most important source of rivalry within the framework of the imperialist system.

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"Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1986.

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U.S. FOREIGN DEBT PROBLEM EXAMINED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 86 (signed to press 13 Jun 86) pp 137-140

[Article by O. Bogacheva: "The United States' Foreign Debt"]

[Text] Many readers of our journal inquire about the problem of the United States' foreign debt and the conversion of the leader of the capitalist world from a creditor to an international debtor.

The surging influx of foreign capital into the United States in 1983-1985 stimulated by the high level of interest rates, the economic upturn and the "reliability" of the country's financial market led to a rapid reduction in the balance of the United States' foreign assets and liabilities in its favor. At the start of 1985 it had been reduced to nothing, and by the end of the year, it is estimated, liabilities exceeded assets by more than \$50 billion. This fact is often interpreted such that for the first time since 1914 the United States has joined the category of "net" international borrowers. The correlation between the United States' overseas assets and its foreign liabilities (or net overseas assets) is the result of the compilation of the final result of a whole number of basic balance sheets of accumulated sums of capital: bank assets, national assets and private direct and portfolio investments (see Table 1). The components of the assets and liabilities are far from always of a debt nature. Let us look at them individually to determine the form in which the U.S. external debt appears.

Table 1. Correlation of United States' Overseas Assets and Foreign Assets in the United States (\$, billions, year end)

	1970	1975	1980	1981	1982	1983	1984	1985**
U.S. assets overseas including*	165.4	295.1	606.9	719.6	839.0	893.8	914.7	916.0
Bank	13.8	59.8	203.9	293.5	404.6	434.5	443.0	440.0
National of which	46.6	58.0	90.3	98.5	108.3	112.9	119.5	122.3
gold-currency reserves	14.5	16.2	26.8	30.1	34.0	33.7	34.9	35.6
other national assets	32.1	41.8	63.5	68.4	74.3	79.2	84.6	86.7

Table 1 (Con't.)

	1970	1975	1980	1981	1982	1983	1984	1985**
Direct investments	75.5	124.0	215.4	228.3	221.8	227.0	233.4	241.1
Portfolio investments	20.9	34.9	62.7	63.5	75.7	84.3	89.9	96.4
Foreign assets in the United States	106.9	220.9	500.8	579.0	692.0	787.6	886.4	960.4
including*								
Bank	22.7	42.5	121.1	165.4	231.3	280.6	312.3	326.3
State	26.2	86.9	176.1	180.4	189.2	194.5	199.0	198.7
of which								
in U.S. bonds	17.7	63.5	118.2	125.1	132.6	137.0	142.9	145.0
Direct investments	13.3	27.7	83.0	108.7	124.7	137.1	159.6	171.6
Portfolio investments	36.0	49.9	90.2	93.9	119.4	148.6	185.1	222.8
of which								
shares and debentures	34.8	45.7	74.1	75.4	93.6	114.7	128.2	152.8
in U.S. bonds	1.2	4.2	16.1	18.5	25.8	33.9	56.9	70.0
Balance	58.5	74.2	106.1	140.6	147.0	106.2	28.2	-44.4
including								
Bank assets	- 8.9	17.3	82.8	128.1	173.3	153.9	130.7	113.7
National assets	20.4	-28.9	-85.8	-81.9	-80.9	-81.6	-79.5	-76.4
Direct investments	62.2	96.3	132.4	119.6	97.1	89.0	73.8	89.5
Portfolio investments	-15.1	-15.0	-27.5	-30.4	-43.7	-64.3	-95.2	-126.4

* Some items are not distinguished.

** Estimate at end of third quarter.

Calculated from SURVEY OF CURRENT BUSINESS, August 1984, p 40; September 1985, p 34; "Economic Report of the President," Washington, 1986, p 371.

Balance of bank assets: in the postwar period, right up until 1982 (except for a few years), the United States was a major net exporter of bank capital, but in 1983 the influx thereof exceeded the outflow by \$23.6 billion, and in 1984 by \$23.2 billion. This was caused both by an expansion of the dollar deposits of foreign investors and the limitation of the credit activity of American banks overseas (particularly in Latin America) and the relocation of a considerable proportion of credit resources to the domestic market, where the high demand for loan capital was connected with the general economic upturn. As a result the United States' surplus balance in terms of bank assets, which had in 1982 amounted to the maximum value of \$173.3 billion, had in 1984 declined to \$130.7 billion. In 1985 assets continued to decline and, it is estimated, at the end of the third quarter constituted \$113.7 billion, testifying that the United States was still a "net" creditor of foreign banks.

Balance of direct private investments: in the postwar years, up to the start of the 1980's, the United States had traditionally been a major net exporter of direct private investments. Its excess of overseas investments over foreign investments in the U.S. economy reached the greatest value--\$133.4 billion (according to American estimates)--in 1979. Big changes occurred in

the direct investment flows in the 1980's. The influx of foreign capital accelerated sharply (particularly from West Europe) and began to steadily exceed the severely reduced export of capital from the United States. In the period 1980-1984 the total net import of direct private investments constituted \$64.3 billion. The United States' advantage in terms of accumulated direct investments in 1984 compared with the 1979 level had declined almost twofold (to \$73.8 billion). In 1985 this trend continued, given the surplus balance of direct investments, which, it is estimated, at the end of the third quarter constituted \$69.5 billion. We would observe that direct investments are no one's debt.

Balance of private portfolio investments: a low level of accumulation of private portfolio overseas investments compared with the level of foreign investments in the United States has been characteristic of the United States in the postwar years. In the period 1980-1985 this gap grew from \$27.5 billion to approximately \$130 billion. It increased particularly rapidly in 1983-1985 in connection with the accelerated influx of foreign investments in corporation stock and U.S. bonds. However, portfolio stock investments are not of the nature of debt relations. Simultaneously with the increase in the adverse balance of these investments the United States continued to hold on to a surplus balance in investments in corporate debentures (\$30-\$40 billion in 1980-1985) and was a net creditor on the international long-term corporate credit market. In the balance of private portfolio investments the foreign debt appeared in the form of private investors' large-scale purchases of U.S. bonds.

Balance of national assets: state investments in U.S. bonds exceeded American overseas national assets for the first time since the war in 1971. Subsequently this gap increased, which was caused by the intensive expansion of the national debt and the scale of its financing by foreign state investors. In the period 1971-1980 it grew from \$6.1 billion to \$85.8 billion and was close to this level in the subsequent 4 years. Whereas back in 1970 gold-currency reserves covered over half (55.3 percent) the sum total of accumulated national liabilities, in 1985, only 17.9 percent. It has to be borne in mind, however, that throughout the past decade official gold reserves have been valued by proceeding from a fixed gold price of \$42.20 per troy ounce, whereas its market price in this period has risen more than eightfold and is fluctuating within the \$300-\$350 range. This has led to a considerable understatement of the value of official gold-currency reserves and a corresponding overstatement of the United States' "net" national debt to foreign official organizations.

Thus the negative values of the balances of U.S. assets and its overseas liabilities pertain either to official assets, in the computation of which there has been a sharp understatement of the value of America's gold reserves, or to portfolio investments. At the same time, however, the majority of American overseas liabilities: direct investments in the United States, investments in stock and so forth are not of the nature of debt obligations.

In fact it is possible to attribute to the United States' external debt only foreign investments in American banks (covered by their assets); investments

in debentures of American private corporations (a comparatively small value for the U.S. economy, in which corporation debt in 1984 amounted to \$2.6 trillion), in terms of which the United States is a net creditor; and, finally, the United States external national debt. External national debt: with the sharp exacerbation of the problem of the federal budget deficit and the servicing of the national debt the U.S. Government began to make more extensive use of external sources of financing them (see Table 2). In the period 1981-1985 the United States' external debt increased 64 percent (by \$85.7 billion), including 10 percent (by \$22.2 billion) in 1985, and reached \$220 billion. More than two-thirds of the value thereof was concentrated in the hands of official holders, one-third in the hands of private investors. The federal government has facilitated the influx of foreign capital, establishing comparatively higher rates of interest (real, particularly) on U.S. bonds than in many other main capitalist countries and extending preferential taxation (in particular, the 30-percent tax on foreigner's income from U.S. bonds was abolished as of the fourth quarter of 1984).

Table 2. The U.S. Gross National Debt (excluding government agencies, \$, billions, year end)

	1970	1975	1980	1981	1982	1983	1984	1985*
Total	389.2	576.6	930.2	1028.7	1197.1	1410.7	1663.0	1943.0
including								
external	18.9	67.7	134.3	143.6	158.4	170.9	199.8	220.0
owned by state organiza-								
tions	17.7	63.5	118.2	125.1	132.6	137.0	142.9	148.0
by private investors**	1.2	4.2	16.1	18.5	25.8	33.9	56.9	72.0
External debt's share of								
gross national debt (%)	4.9	11.7	14.4	14.0	13.2	12.1	12.0	11.3
Gross national debt's								
share of GNP (%)	38.3	36.1	34.0	33.7	37.8	41.5	44.1	48.7
including external debt	1.9	4.2	4.9	4.7	5.0	5.0	5.3	5.5

* Estimate.

** Banks, private persons, international financial institutions.

Calculated from THE HANDBOOK OF BASIC ECONOMIC STATISTICS, August 1985, p 219; FEDERAL RESERVE BULLETIN, December 1985, p A30; SURVEY OF CURRENT BUSINESS, August 1984, p 40; September 1985, p 34; "Economic Report of the President," pp 252, 271.

U.S. bonds also attracted overseas investors in that they were considered a dependable form of the investment of capital. Annual net purchases of these securities by foreigners in the past 2 years alone increased by a factor of 2.2. The purchases were expanded most rapidly by private investors, among whom Japanese investors (primarily life insurance companies and pension funds) displayed particularly high demand. The value of the United States' external debt concentrated in the hands of private foreign holders increased by a

factor of 4.5 in the period 1981-1985 to \$72 billion. Its share of the United States' total external government debt in 1985 amounted to 32.7 percent compared with 13.6 percent in 1980.

The United States' external government debt in the past 15 years has increased more than 10-fold (from \$18.9 billion in 1970 to \$220 billion in 1985), and its share of the gross national debt, more than twofold (from 4.9 to 11.3 percent). However, it still does not exert a serious influence on the state of the financial system in connection with the huge dimensions of the United States' domestic market. In 1985 the share of the external debt in the total national debt constituted less than 12 percent, and only 5.5 percent of the GNP. Foreigners' purchases of U.S. bonds covered in the 1985 fiscal year only 18 percent of the federal budget deficit, which amounted to \$212.3 billion.

At the same time, on the other hand, the big external debt is increasing the imbalance of the balance of payments (current transactions), the deficit of which in 1985 amounted to \$112.4 billion. Foreigners were paid in the form of interest and U.S. bond payments almost \$21.2 billion compared with \$12.5 billion in 1980. The ratio of these payments to income from American overseas investments in 1980-1985 rose from 17 to 26 percent. In the future this expenditure will increase together with the sum total of national debt interest and the growth of the national debt itself.

The problem of the annual search for huge financial resources to cover the federal budget deficit and recycle the government debt is becoming increasingly acute not only in connection with the scale of government demand for credit (thus to this end alone in the 1986 fiscal year the U.S. Treasury Department has to float on the financial markets bonds totaling \$470 billion) but also as a consequence of its interweaving with currency-financial problems and the increased dependence on the strength of the positions of the American dollar. In the event of a sharp fall in the dollar's exchange rate brought about by some upheavals of the capitalist currency-finance market there could be a mass flight of capital from the United States inasmuch as the giant balance of payments deficit is being covered to a considerable extent (more than 60 percent in 1985) by the influx of short-term and bank overseas investments. This is fraught with the risk of a crisis of the United States' credit-monetary system and a further deterioration in the balance of payments and international investment positions.

The danger of a sharp fall in the dollar's exchange rate and an avalanche-like withdrawal of foreign capital is limiting the maneuverability of the credit-monetary policy of the Federal Reserve and forcing it to put the emphasis on measures to curb expansion of the money supply and maintain the relatively high level of loan interest, which as a whole is exerting a negative influence on economic growth in the United States.

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ENTOV MONOGRAPH ON U.S. ECONOMIC CYCLE REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 7, Jul 86 (signed to press 13 Jun 86) pp 141-142

[V. Kuznetsov review: "Cyclical Picture of Production in the United States"]

[Text] A group of specialists in U.S. economics led by R.M. Entov (USSR Academy of Sciences Institute of World Economy and International Relations) has had published a monographic study devoted to problems of the cycle.* To some extent it is an example of how a theoretical and procedural apparatus developed earlier may be applied to an analysis of the essentially new situation which took shape in the world and American economy in the 1970's-start of the 1980's. A highly interesting, largely innovative book has resulted which will take its place among the best works of Soviet economists on capitalist cycles and crises.

The authors were faced with a complex task. In the economic plane the decade following the 1973 "oil shock" demonstrated too many deviations from the model stereotype of the 1950's-1960's. It was necessary not only to explain them but also not to yield to the temptation to ascribe everything to world economic factors, thereby rehabilitating the reproduction mechanism in the United States itself. The scholars of the Institute of World Economy and International Relations acted sharply: they incorporated the 1965-1970 "preshape" cycle and crisis in a general category with all subsequent cycles and showed that many of the singularities which manifested themselves after 1973 had been observed earlier also. This applies primarily to the indications of an accumulation of capital, particularly to the main controlling parameter--the profit norm (pp 28, 134, 144). Whereas the individual profit norm had declined twofold between the period 1965-1967 and 1977-1979 (from 4.4 to 8.7 percent), this occurred not only owing to the change in the general conditions of economic development in the capitalist world as a result of the raw material and energy crises but also factors of a domestic nature. They showed their effect in a reduction in the profit norm even prior to the upheavals in the sphere of world economic relations. The latter does not mean, of course, that external factors did not play their part. Quite the contrary.

The main conceptual principle of the study in question is that the singularities of the cycles of the 1970's-start of the 1980's may be understood and explained

* "Ekonomicheskiy tsikl v SShA (70-e--nachalo 80-x godov)" [The Economic Cycle in the United States (1970's-Start of the 1980's)]. Executive editor R.M. Entov, doctor of economic sciences. Moscow, Izdatelstvo "Nauka", 1985, pp 256.

only on condition that cyclical factors are examined together with structural factors. Among the latter the authors put the energy, raw material, currency and a number of other situations. Their exacerbation confronted the capitalist economy and bourgeois society with problems whose solution timeframes, given the most favorable conditions, go beyond the limits of a medium-term cycle.

The contradictions leading to structural crises are genetically connected with the deepening of the general crisis of capitalism and the "wedging in" of the regulating mechanisms of capitalist reproduction. The structural crisis, we read in the work, is accompanied by "an explosion of specific contradictions born of the long functioning of monopolies in the key sectors (complexes) of the world capitalist economy" (p 20). These crises can be seen as an external factor in respect of the reproduction of capital in an individual country and even in all the industrially developed countries of the West taken as a single whole. Given this approach, an opportunity is created not only for separating exogenic from endogenic factors but for tracing in what way in a specific economy external unfavorable impulses spread and are resorbed ("digested").

Disturbances as a result of the changes in the general conditions of reproduction spread in the American economy, as in the economy of other capitalist states, in particular via the increased "instability of price proportions" (p 38). As the book observes, this led to an orgy of speculation, but simultaneously initiated a rebuilding of the structure of income, consumption and accumulation.

There was a strong growth of the differentiation of the investment process and the "stratification" of the economy into several sectors which differed sharply in terms of the degree of investment activity (p 41). Given a reduction in total capital investments in the period 1978-1981 reached a "record level for the postwar period" (p 159), primarily thanks to an increase in equipment purchases. The authors rightly call the readers' attention to this fact not tallying with the decline in the general production growth rate as evidence of the acceleration of the rebuilding of the engineering base of production and American capitalism's active use of the achievements of the S&T revolution for the solution of problems exacerbated by structural crises. It was on this basis that the stable trend toward a lowering of the energy-intensiveness of production and economies in imported raw material in short supply emerged and is developing. In the light of what has been said the proposition that the observed "trend toward a growth of the capital- and materials-intensiveness of output in the United States in the 1970's will probably continue in the 1980's also...." (p 132) can hardly be considered convincing.

The methods of "bypassing" the bottlenecks in the U.S. economy may be acknowledged as rational far from always. However, it has to be considered that behind the orgy of speculative purchases of shares on the stock exchange a process of the active reorganization of intersectoral relations (pp 52, 223) and, behind the monopolies, the disorderly movement of prices and the inflation of the 1970's, the objectively necessary adaptation to the changes in the structure of demand and costs show through.

In the 1970's inflation played the part of spontaneous regulator of the income distribution and redistribution and capital transfer processes which are usually tackled in the American economy by methods of private monopoly and state

regulation. "In no previous postwar upturn, perhaps, did the movement of prices exert such a strong contrary influence on the cyclical picture of this movement of production and personal consumption as in these years," the authors write (p 12). Inflation is a sign of the disproportionality of social production and at the same time, however, a method of lessening its seriousness and removing dangerous strains in the system. This is achieved in various ways. These include a devaluation of corporation debt, adjustment of nominal earnings from sales to the increased costs of production and devaluation of the national monetary unit in relation to foreign currencies and an increase thereby in the competitiveness of exports. But use is made primarily of the method of a lowering of the real value of the main component of costs--wages.

The work in question is not only of area significance. The influence of the structural crises on cycles in West Europe and Japan was stronger than in the United States. For this reason the perception of the radical nature of the discontinuity of trends and the "discrepancy" between the normalities of the 1950's-1960's and 1970's-1980's was accentuated there. But it is the obviousness of the discontinuity which makes an understanding of the nature thereof difficult and compels an exaggeration of the significance of external factors. The said analysis of the cycle in the United States, where the discontinuity was less pronounced, makes it possible to deepen our understanding of the factors at the basis of the growth of imbalance in the development of the capitalist economy.

We would note that far from all the questions and aspects of the subject contained in the title of the work are studied therein with equal fullness. I would like to have seen more material on the mechanism of the impact of S&T progress on the cycle. The American economy's interaction with the world market needs additional work. But, on the other hand, satisfaction is derived from the diverse procedure of statistical analysis, the use in parallel of "raw" industrial statistics and the reference data of national accounts and the combination of an interest in the details of actual reality with broad theoretical excursions and generalizations. The book is undoubtedly assured lively reader interest in scientific, lecturer and student circles.

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